

Responsive Governance and Reform of the Bureaucracy in India

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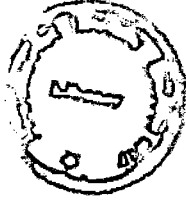


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This is to certify that the dissertation entitled **Responsive Governance and Reform of the Bureaucracy in India** submitted by **Mr. Srikrishna Ayyangar** for the award of **Master of Philosophy** is an original work and has not been previously submitted for any degree of this or any other University.

We recommend that this dissertation be placed before the examiners for evaluation for the award of the Master of Philosophy Degree of this University.

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Chapter One

Introduction to the Study

A public bureaucracy is essentially a system of organisation that aims at pursuing goals that have been set out by the government of a state. The goals are wide ranging and cover almost every aspect of human life. Conversely, any change that affects people individually and collectively also affects the bureaucracy either directly or indirectly.

While change within the social and political realm did influence changes within the bureaucracy, the discipline of public administration in India and its perception of the Indian bureaucracy remained relatively unaffected. Most studies therefore focussed on the internal workings of bureaucratic structures i.e. with its management¹. Reforms were seen in terms of recruitment procedures, staffing, training, financial or personnel management systems and so on. Obviously, the validity of this approach cannot be denied, for bureaucratic reform has to necessarily concern itself with these issues.

However, the emphasis on bureaucratic structures in public administration studies in India, does posit some problems. For example, the persistence of economic inequalities was seen in terms of an incorrect design of developmental programmes. The inefficiency of the bureaucracy is treated, for example, as a procedural problem, the extent of transfers undertaken by the government or the impact of political interference. All this was within

¹ V.A. Pai Panandiker has observed that "By far the most researched area in Public Administration in India is its organisation and structures", Introduction in "*Survey of research in Public Administration*", ICSSR, Vol 1, 1973, p.9. Mohit Bhattacharya in a more critical vein says that they have "merely remain(ed) content with responding to the initiatives taken by the government. Therefore research studies have remained imitative and descriptive, much like a comprador discipline", "*Public Administration in India : A discipline in bondage*", *IJPA*, Vol XXXII(2), Apr- Jun 1986, p.228.

the 'security' provided by the economic model of state intervention, the one party electoral system and the idiom of a monolithic single identity state- characteristics that have persisted for fifty years. The trajectory of analysis aforementioned does not however address the paradigmic shifts in the environment within which the bureaucracy itself is located now - shifts which can 'conspire' to make rules out of date, throw enforcement machinery out of gear, and destroy the foundations on which service organisation is built.

The initiation of the Structural Adjustment Programme in 1991 questioned the predominance of the state in the economy , seeking its contraction. Simultaneously, there has been a rising pluralistic assertion seen in autonomous and secessionist movements and federalisation of the polity with the predominance of coalitional arrangements and the institutionalisation of the Panchayati Raj. Momentum gained through economic and political changes have also led to an awakening of political rights and consciousness among both prosperous and disadvantaged groups.

These problems of governance have affected the bureaucracy in India and the study of the same². Thus Public Administration studies can no longer afford to ignore these larger question of environmental shifts. Administrative reform , as a field of research within Public Administration also reflected the insularity of the discipline³. While 'reform' is not new and 'structural' problems

² These have been identified as problems of governance ,the latter being defined as " the management of the affairs of the state , especially the management of the political, economic and social aspects of society , and of change within an institutional framework". V.A. Pai Panandiker, Introduction in " *Survey of research in Public Administration 1980-1990*". This definition is what has been operationalised for the studies conducted in the volume. For purposes of our study the same definition shall be subscribed to.

³ Mutalib M.A. , " *Trends in Administrative Reforms* ",op. cit." *Survey of research in Public Administration ,1970-79*".

are still important, the question that needs to be addressed now is how are the solutions prescribed to be operationalised. In other words, how does the bureaucracy 'reform' for reform. This draws our attention to the capacity of the bureaucracy, i.e. the ability and the willingness of the bureaucracy to reform.

The study takes a step by placing the bureaucracy in India within the larger environmental whole, where its capacity is analysed in relation to the external environment. The environment, characterised by change, is for the purposes of study, circumscribed within the political realm. Change is reflected in the perspectives for state intervention, in the organisation of the bureaucracy, in the perspectives on the nature and the role of the state and in the growth of institutions (which are characterised as interfaces between the state, society and the economy). The politics of reform apart from the vacillating between the left and the right, or the state and the market, have been determined by electoral politics—the principle of votes.

The study has relied extensively on the experiences of the World Bank in adjustment lending and civil services reform, the theoretical perspectives on the ongoing civil services reforms in other countries, and contemporary sources in the Indian context. The study also reviews the fifth pay commission report in the light of it being the first step by the government to address the issues aforementioned.

Chapter two of the study provides an overview of the theoretical perspectives on governance and on state intervention from the vantage point of the state, the market and civil society. It will in the case of the former, deal with the perspectives of the NeoMarxists, the notion of embedded autonomy, strategies for

accountability and the broad character of state intervention. From the vantage point of the market, it deals with the neoclassical theory of public choice, and new institutional economics. From the vantage point of civil society the theory of new institutionalism shall be analysed

The objective in chapter three is to understand the lessons derived from the experiences of other countries for the bureaucracy in India. It provides an over-view of administrative reform in developing countries by using an analytical frame that incorporates the organisation of the bureaucracy, the economic role of the state, the institutional dimension and the politics of reform. It shows the manner in which organisational shifts have occurred and been understood, how the nature and the role of the state have been conceived and some of the new institutions that have grown. It also analyses the politics of reform.

Chapter four of the study locates the lessons within the Indian context. The second section analyses the link between the notion of autonomy for the re-invigoration of public institutions, and the implementability of reforms. The third section provides an overview of institutions that have arisen in the light of environmental changes. The fourth section traces the evolution of bureaucratic reforms within the political realm. The fifth section reviews the report of the fifth pay commission.

Chapter five is the concluding chapter that summarises the study and addresses the implications of the findings for reforms of the bureaucracy in India.

Chapter Two

Theoretical Perspectives for Reform in India

I. Introduction

The Structural Adjustment Programmes (henceforth SAP) funded by the World Bank is one of the reasons for 'Governance' gaining priority as it is considered to be closely related to the Programme. The objective of civil service reforms is to provide 'good governance'. The Bank states "The focus on governance came about as a result of the accumulated negative experience in adjustment lending by international funding institutions, with the impermeability of many African countries to economic reform and the disappointing results in Latin America looming large. The crisis (typically in Africa) and deficiencies (mainly in Latin America) of governance were diagnosed as barriers to positive policy outcomes and thus became a key variable in explaining adjustment programmes in developing countries".

This chapter is divided into three other sections. The next section shall overview the varied perspectives on governance as seen by the World Bank primarily. This is essentially because of the Bank's wide range of experiences of actual situations in various countries, which can be seen in isolation of its agenda of SAP. The other consequence of the SAP has been to question the economic role of the state vis a vis the market primarily, and other institutions that position themselves between the market and the state. The subsequent section revisits the theories underpinning the state, the market and the new institutions to reexamine the role of the state. The last section provides some concluding remarks.

¹ Leila Frischtak, "Governance capacity and economic development in developing countries", World Bank Technical Paper no 254, The World Bank, Washington D.C.

II. On Governance :

The term governance has been defined as the " manner in which power is exercised in the management of a country's economic and social resources for development"².

There seems to be a common agreement that 'governance' is reflective of the neo liberal ethos, aims at sustaining a market friendly economy, and that the emphasis is on management - i.e. the management of the affairs of the state and of 'change' as reflected in the social, political and economic realms. However , there are some points of difference within the debate. Since there are several perspectives that define governance , their usage has not been defined by any set of semantic or methodological criteria. While it is apparent that the word has gained currency within the new ethos the arguments seemed relevant even before they entered the policy literature of governments. This leads us to question as to why it is more relevant now than it has been in recent history ³. And how come there is no precedent for any particular interpretation of the word even in popular language.

The most common perspective identifies it with democratic processes and institutions ,the political universe variously pictured as the realm of partiality , of ideology , of rent seeking and as antithetical

² This neutral definition seems to roll back the understanding of governance from more forward positions that will have associated it with specific attributes of democratic political regimes. *ibid.*,p6

³ In a discussion of papers presented by Balveer Arora, Kuldeep Mathur and Nilima Chandiramani, Sanjaya Baru raises this question. Sanjaya Baru, "Interdisciplinary Approaches", in Parthasarathi Shome(ed.),"*Fiscal Policy,Public Policy and Governance : Symposium held in Commemoration of 20th Anniversary year,NIPFP,5-6 December 1996,New Delhi*", New Delhi, Centax,1997.p.299.

to the dominance and effectiveness of market mechanisms. In this conception democracy figures as a positive , as a guarantor of effective markets guaranteeing the dominance of the rules of economics over those of politics⁴. A related strand to this is the emphasis on equity, poverty eradication where it is believed that no real development can take place as long as mechanisms that ensure popular participation and control in the policy process are absent or inoperative.

However, this argument of democracy and markets being positively correlated has been questioned because for growth , it has been seen that actually no correlation exists because of conflicting experiences of states⁵.

A second conception of governance draws attention to the importance of culture as a code or language that informs both perceptions and behaviour in a community . This perspective has been derived from the adjustment programmes in Africa and the positive

⁴ Boeninger,E, "*Governance and Development : Issues and Constraints*", Proceedings of the World Bank Annual Conference of Development Economics,1994

⁵ In their analysis of fiscal policies in twenty five developing countries, Haggard and Kaufman found no substantial differences between the ability of democratic and authoritarian regimes to implement stable macroeconomic policies. Countries on a transitional path from an authoritarian to a democratic regime were found to have considerable difficulties in implementing policies. In spite of authoritarian regimes being autonomous and therefore capable of reform , Zaire did not work for development. Peter Evans, "Predatory, Developmental and other approaches: A comparative political economy approach in third world states", *Sociological Forum*, Vol14,1989pp.56-87. Sorenson highlights why some states enjoying a high degree of autonomy do not exploit it in the service of development. George Sorenson, "Democracy, Authoritarianism and State strength", *The European Journal of Development Research*, Vol. 15(1),1993. Another perspective is provided by Marc Lindenberg and Shantayan Devarajan who believe that democracies in developing countries actually demonstrated stronger economic performance from their authoritarian counterparts after structural adjustment. M.Lindenberg and S.Devarajan, "Prescribing strong economic medicine", *Comparative politics*, January 1993.pp.169-182

experiences of countries such as Japan, China and Korea. So people in very different societies have managed to mobilise cultural traits of their own for successful economic performance , or have changed their cultural traditions sufficiently to allow for such performance .The central message of this conception is that governance has to be culturally bound and advocates a move away from top-down state centric political forms of organisation and towards greater reliance on self governing local communities where non-governmental middle institutions play a greater role⁶.

A related conception to this sees governance as the provision of universal and abstract rules , the institutions that enforce them and the predictable mechanisms to regulate conflicts over both rules and their enforcement. However this approach excludes any normative content , and any attribute , of specific political regimes from the conception of governance , i.e. the term does not refer to the substance of rules, the design of institutions and mechanisms . The very existence of such systems of rules , institutions and mechanisms , as long as they are universal and predictable , defies governance capacity in the modern state⁷.

The World Bank's agenda of governance focusses on the institutional capacity of governments. " the institutional capacity approach to governance illuminates some of the central problems constraining countries from adjusting effectively. But the focus

⁶ For the experiences of the World Bank in Africa refer to Hyden in "*The long term perspective study of Sub Saharan Africa*, Vol. 3, Institutional and Political issues ", the World Bank 1990. Also Pranab Bardhan" *Alternative Approaches to the theory of Institutions for economic development*", in Pranab Bardhan (ed.) "*The Economic Theory of Agrarian Institutions*", Oxford, Clarendon Press, 1989.

⁷ Shihata I, "*Issues of Governance in Borrowing members - The extent of their relevance under the Bank's Articles of Agreement*", mimeo, 1990.

exclusively on existing institutional capacity ignores the question of what conditions will allow countries to develop this very capacity. Infact, if the idea of governance is constrained within the structure of the state rather than in the state mode of operating in society, the argument becomes somewhat tautological. The countries more likely to adjust are, in real terms, those whose states can promote insular, rational and efficient policies. To promote such policies states need institutions that are insular, rational and efficient ⁸.

The aforementioned perspectives on governance have not been based on discussions concerning state theory , but on an empirical assessment of economies as diverse on the growth scale as that of the East Asian states and African states⁹. The subsequent section shall deal with the theories that are concerned with the design for state intervention and its role in the economy.

III On the theories for state intervention from three vantage points.

A. From the vantage point of the state : State centric theorists believe in the instrumental capacity of the state as an effective actor in generating development. This belief is firmly rooted in the pervasive power of the state. Their search is for an optimal administrative design to enhance the capacity of the state to intervene in terms of formulation and implementation.

In the logic of Marxist theory, the only role of the state was to serve the interests of the bourgeoisie. The NeoMarxists forced a reappraisal of the state because Marxist theory seemed unable to

⁸ op.cit. L Frischtak, p.16

⁹ The policy perspectives on civil service reform in Africa have been informed through programmes conducted in as many as 57 countries.

explain the adoption of social welfare policies by capitalist states in spite of the opposition from capitalists. They developed the notion of relative autonomy of the state. They argued that conflicts among the various factions of capitalists, compete with the existence of a bureaucracy staffed by individuals from a non-capitalist class, permits the state some level of autonomy. This in turn allows the state to adopt some measures favourable to the subordinate classes for promoting social stability in the long term interest of capital. According to them the state had to perform certain functions if capitalism has to survive - functions such as enforcement of property rights, maintenance of peace and order and other such minimal conditions conducive to profit accumulation. However, the experience of nations showed that state intervention tended to proliferate leading to inefficiencies. Such states are now characterised as predatory states - i.e. states in which leaders extract resources from the public through the regime of controls such as licenses and taxes for their private consumption.

There is a general agreement today that what is required of a state is 'embedded autonomy' - i.e. a combination of the autonomy and policy insulation of an authoritarian developmental state which has the capacity to build networks with other social institutions that provide it with information and sufficient flexibility to deal with changing technical and market conditions.

Another perspective, while making a case for embedded autonomy, argues for the prerequisites of institutional arrangements and property rights that promote productivity and minimise social waste. Therefore the emphasis is on crucial regulations, that support an appropriate property rights regime, and compliance on the part of the

the state is a servant of the market

citizens. In other words the insularity of the bureaucracy should not preclude it from being a part of other institutions found in the social and economic realm¹⁰.

For state market relations an optimal state-market mix on a case by case basis has gained credence, each institution mutually supporting each other to avoid both government and market failures¹¹. Therefore, the broad character of state intervention has been described as¹²:

1) Functional intervention - The state seeks to correct for market failures if prices give the wrong signals- for example, a speculative boom in the stock market can send wrong signals, and this requires that the government intervene to monitor the boom. The debate, in such cases, centres on the availability of alternative market based solutions or the ability of governments to design and implement correct solutions on the basis of adequate information.

2) Institutional intervention by the state seeks to govern the market. It does so by setting the rules of the game for players in the market and creating institutions to monitor the functioning of markets. A market economy needs rules of the game to ensure a level playing field and to preempt a free for all at the same time.

¹⁰ Margaret Levi, "Of rule and Revenue", Univ. of California Press, Berkeley, 1988.

¹¹ Government failures are characterised as politicised state intervention generating vested interests, rents, corruption and thereby resulting in poor implementation. Market failures are characterised by freeriding, disexternalities, and information asymmetries. In a situation where the market fails the government intervenes and vice versa.

¹² This categorisation of intervention has been borrowed from Bhaduri A. and Nayyar D., "The Intelligent Person's Guide to Liberalisation", Penguin, New Delhi, 1996. pp137-144.

3) Strategic intervention by the state seeks to guide the market. It is interlinked across activities or sectors in an attempt to attain broader, long term objectives of development.

Therefore intervention in such a situation depends upon the design of instruments such as contracts, rules, enforcement mechanisms, monitoring strategies, incentive designs etc.

The problem identified with the state centric approach has been that it has not been able to analyse state society relations. Secondly how far is the conceptualisation of such a state possible within the Indian situation is debatable. Leftwich points to the fact that the states which are identified a developmental such as Japan, Korea, Taiwan have essentially been one party systems or authoritarian regimes - a situation where political power is centralised, stable and not uncertain¹³. The Indian polity seems to be moving in the opposite direction. Secondly, Skocpol argues that " states conceived as organisations claiming control over territories and people may formulate and pursue goals that are simply not reflective of the demands of interest groups , classes or society"¹⁴. The attempt is now to redress the state centric approach's top down bias by focussing on the activities of grassroots officials i.e. with a bottom up perspective¹⁵.

¹³ Adrian Leftwich, "Governance, the state and the politics of development", *Development and Change*, Vol 25, 1994. It has also been pointed out that the expert knowledge in terms of certainty is extremely suspect, with the fact that we live increasingly in a 'risk' society characterised by the multiplication and increasing multiplicity of risks as well as by our enhanced consciousness of them. Sanjay G. Reddy, " Claims to expert knowledge and the subversion of democracy : the triumph of risk over certainty" , *Economy and society*, Vol25(2), May 1996. pp.222-254.

¹⁴ op.cit. Skocpol, "Bringing the state back in", pp.20-21

¹⁵ This has been called an upstream diagnosis programme. Rogerio F. Pinto " Projectising the governance approach to civil service reform: An institutional environment assessment for preparing a sectoral adjustment loan in the Gambia, The World Bank Discussion paper no.252, The World Bank, Washington, D.C., p.14.

B. From the vantage point of the market :- Market-centric theorists believe in the instrumental capacity of the market. Like the state-centric theorists, they also search for an optimal administrative design for state intervention. Their belief stems from the neo-classical assumption that every individual is rational and seeks to maximise his utility. This central neo-classical assumption was applied to understand the price behaviour of firms. The firm was considered to be a hypothetical construct with a production function, with the single criterion of profit maximisation and responding to information it receives from the market. Individuals employed in the firm were not considered as actors distinct from the firm, i.e. their goals did not differ from the firm and vice versa. The market was considered to be a world where information and exchange were considered costless.

This view was questioned which led to the growth of two perspectives - one focussed exclusively on individuals and the other focussed on institutions. Both perspectives have extended and modified certain neo-classical analyses and applied them to non-market forms of organisation.

Cyert and March in their book 'The Behavioural Theory of the Firm' were the first to depart from this neoclassical perspective and facilitate explorations in the economics of internal organisation. They viewed the firm as an organisation of interacting individuals or groups, in which each group has "self interest" they fight to preserve. At any time, these groups compete with each other to increase their share of the organisational resource. Since they were now considered as actors distinct from that of the firm, their goals could be distinct from the firm ¹⁶.

¹⁶ Jackson P.W. , "The Political Economy of the Bureaucracy", Camelot, UK, 1982

What Cyert and March did for the theory of the firm, public choice theorists did for the bureaucracy. Weber, like the neoclassical economists, stated that the bureau worked like a machine, every bureaucrat was endowed with an instrumental rationality, and was accountable to the degree that he carried out his functions according to the rules and procedures of the organisation.

According to them a democratic state was organised into four main groups of actors - voters, pressure groups, the government, and the bureaucrats. The structural relationship between the actors caused public spending to rise. They attribute this to two reasons:

1. The structural relationship encouraged log-rolling and rent-seeking¹⁷. This, in turn, led to profligacies such as inefficient resource allocations, unhealthy competition and corruption.
2. Since the bureaucrat, in most cases, does not seek profit, he seeks to maximise his budget of funds that he receives from the government.

Both the abovementioned reasons not only affect public spending, they also affect the volume of exchange of bureaux (as against prices that affect firms). The public choice theory is clear in what is being claimed, and the claim is amenable to empirical testing. Its claim, built upon methodological individualism, is that bureaux are allocatively inefficient, than would be the case under conditions of

¹⁷ Logrolling or vote trading arguments imply that governments provide more goods than the public actually wants. At their simplest these arguments suggest that political parties try to win elections by making a multitude of different promises to different sections of the electorate.

Rent seeking is the process by which money is spent trying to persuade the government to provide special benefits for a firm or industry or any other group. Keith Dowding, "The Civil Service", Routledge, UK, 1993 ps.33 and 41.

perfect competition. Downs and Niskanen have differed on the volume of exchange that a bureau undertakes. Downs argues that a bureau tends to underprovide goods because by such underprovision, it would seem that the goods would get less appreciation from the electorate than it will get by providing divisible goods to special interests. Niskanen, on the other hand, claims through an economic model that bureaux at equilibrium would provide up to twice the amount that a firm operating under competitive conditions would produce¹⁸.

What is more important is that they have succeeded in demystifying the bureaucrat by incorporating 'self interest' as an input into organizational design. Ethical arguments against the corrupt, inefficient bureaucracy are based on the essential Weberian premises. The demystification of this quixotic presumption enables one to revise structures, incentives, control systems and roles of the bureaucracy.

However, there are certain questions regarding its claims about the budget maximising argument which assumes that a bureaucrat would want to maximise his budget in any situation. Cutting down budgets could be personally rewarding for bureaucrats in situations of administrative reform initiated by their political masters. Also, would the bureaucrat find it rational to maximise his budget rather than exchange it for 'on the job' leisure¹⁹? In both cases the theorists prejudge the issue.

¹⁸ Mclean I., "Public Choice : An Introduction", Basil Blackwell, Oxford, 1987.

¹⁹ Empirical studies of cutback management have led to the growth of two approaches - that of bureaumerics initiated by Christopher Hood and Andrew Dunshire and bureau-shaping initiated by Patrick Dunleavy. In the former problems are raised regarding Niskanen's description of the organisation of the bureaucracy. They draw correlates between public employment and public expenditure, and the nature of cutback management. Dunleavy adopts the bureau shaping model to show what aspects of the bureau are affected by downsizing in terms of the functions and the budgetary allocations. Dunshire A., Hood C., and Huby M., "Cutback management in

Furthermore, is the market the panacea for bureaucratic inefficiencies as is claimed by the theorists? According to Dowding "A comparison to market situations itself is a grave error. They are pareto incomparable because they deal with totally different pareto situations. It rests on a confusion between two types of comparison : that between the equilibrium of bureaucratic production... it is fatuous to compare the incomparable in this way" ²⁰.

C. From the vantage point of civil society : The state acts as an interface between society and the economy. The equation of the relationship that it has with society is based on the extent of responsiveness that the state has. The state should be designed in such a manner that it can address the demands of society. The two logical strategies for doing so are termed as "police patrol" and "fire alarm" strategies²¹. The police patrol approach refers to transparent institutional design of regulation and audits. The fire alarm approach refers to those mechanisms that provide the opportunity for the public to monitor the authorities' behavior. This is fulfilled by building foundations for local institutions and providing incentives for collective action that can shape public policy.

The broad range of literature classified under 'new institutionalism' owes its economic roots to New Institutional Economics(NIE). And NIE has grown from the inadequacies of

public bureaucracies: Popular theories and observed outcomes, Whitehall, Cambridge UP, 1989.; and Dunleavy P., "*Bureaucracy, Democracy and Public choice*", Hemel Hempstead, Harvester Wheatsheaf, 1991.

²⁰ op.cit. Dowding K., "The Civil Service "

²¹ Gent J.E. , "*The State and The Poor : Public Policy and Political Development in India and the United States*", Vistaar, New Delhi, 1993. pgs xii and xiii , and the resource dependent model explained in pg. 22-25.

neoclassical economics. But unlike public choice which focused on individuals, NIE focuses on institutions that facilitate a "costless exchange" arising from a market situation. According to Douglass North, NIE "builds on, modifies and extends neoclassical theory to permit it to come to grips, and deals with issues heretofore beyond its ken. What it retains and builds on is the fundamental assumption of scarcity and hence competition, the basis of the choice theoretic approach that underlies micro economics"²².

NIE retains the basic postulate of methodological individualism. However, it modifies the notion of rationality by stating that it is in part culturally derived, differs widely and is not easily changeable. This notion of rationality that is culturally derived explains the disparate optimal and suboptimal trajectories of development that nations have undertaken.

The growth of NIE can be attributed to the transactional cost analysis, which was initiated in the works of Ronald Coase²³. He pointed out that in the exchange of goods and services, there are certain costs that are not included within the exchange, termed as transaction costs. Transaction costs generally mean the costs of arriving at an exchange, the costs of negotiation, the costs of acquiring relevant information, costs of enforcing contracts. The transaction cost analysis helped in understanding how to grapple with the externalities of production, free riding in the provision of public goods such as common property resources, information asymmetries creating high

²² Douglass North, "*Institutions, Institutional Change and Economic Performance*", CambridgeUP, New York, 1990 p.32

²³ Coase R.H., "The problem of Social Cost", *Journal of Law and Economics*, 3, pp.1-44, 1960.

costs of acquiring information, avoiding adverse selection and reducing the uncertainty of exchange. These led to the building up of approaches based on institutions that facilitated exchange: on contractual choices that reduce principal-agent problems and information asymmetry, on property rights that reduce the uncertainty of exchange and on institutions for collective action for the provision of common property resources and participation in the democratic and developmental realm²⁴.

The role of the state now shifts from that of provision of services to that of facilitating service delivery, and therefore it has to play a more regulatory rather than an interventionist role. In such a position the above mentioned institutions are protected and sustained by the state for the citizens from market disexternalities.

Contracts in the institutionalist sense would imply a form of agreement between two or more actors establishing a relationship between them. The relationship could be purely transactional, cooperational, instructional, regulatory, and need not necessarily fall within the purview of legal sanction. Informal networks between people, traditional institutions are examples of implicit forms of contracts. "Property rights are interests given legal protection as property. To have property is to have one's interests (however defined by the individual, defined and protected as property and thereby to participate in economic decision making²⁵. Therefore by definition

²⁴ For property rights , Alchian A.and Demsetz H., "Production, information costs and economic organisation", *American Economic Review*, Vol 62, pp.777-95, Barzel Y., " *Economic Analysis of Property Rights*", Cambridge UP. For information asymmetries Joseph Stiglitz, "Information and Economic analysis : A perspective", *Economic Journal*

²⁵ Samuels W.J., Entry on 'Property ' .op.cit., Elgars Companion to Institutional and Evolutionary economics.p.181.

property rights could range from ownership of land, protection of intellect, the access to information - i.e. anything that falls within individual interests. The extent of the legal enforcement depends on the government, the ideology and the politics of the state. One of the functions of government is to determine, in the case of conflicting interests and claims, which interest is to be recognised and protected as property. In other words property is not protected by government because it is property : it is property because it is protected by the government. According to Arrow, "There is an element of trust in every transaction"²⁶. Arrow's analysis suggests that trust cannot be considered as a standard economic commodity : it has non-tradability and externality properties. Trust can be defined as the diminution of behavioural uncertainty²⁷. The lack of trust necessitates governance arrangements which could be specifically the protection and enforcement of property rights and contracts in transactional relationships. On the other hand , trust can also reduce uncertainty in the patterns of behaviour. Broadly defined they can be seen in consensual arrangements, conventions, codes of behaviour, rewards, sanctions that provide for the predictability of human behaviour. This forms the social capital of a society that provides the basis for cooperation, and thereby reduces transaction costs²⁸.

²⁶ As quoted in McMaster R. and Sawkins J. , " *The Contract State, Trust, Distortion and Efficiency*", *Review of Social Economy*, Vol. LIV, No 2, Summer 1996. pp.145-167.

²⁷ *ibid.*, p.150.

²⁸ The term has been coined by James Coleman, " *Norms as Social Capital*", in Radnitzky and Bernholz (eds.), " *Economic Imperialism : The Economics applied outside the field of economics*", Paragon House, New York. Fukoyama has built on this idea of social capital and has suggested that this characteristic fosters trust , and the latter is what distinguishes the industrialised and economically developed from the others. Francis Fukoyama, " *Social Capital and the global political economy*", *Foreign Affairs* , Sep-Oct, 1995.

The literature on collective action focusses on the need to create institutions that provide for collective action benefits, and on the nuanced role of the state to encourage the same. The focus of the literature is essentially on reducing the freerider problem. Olson points out that one who cannot be excluded from the benefits of a collective good once the good is produced has little incentive to contribute voluntarily to the provision of that good. Hardin poses the problem as a "tragedy of the commons" where every individual freerides, and accrues more benefits than his share of costs, eventually resulting in a net loss since everyone freerides. Ostrom seeks to find institutional alternatives to tackle the freerider problem outside the state and market interventions²⁹.

Broadly new institutionalism can be divided into two perspectives that of Douglass North and that of Oliver Williamson.

The Northean perspective is essentially concerned with the political economy of development in third world contexts. The Williamsonian perspective is concerned with the "efficiency" of market institutions in the competitive market environment of the first world.

The Northean perspective focusses on institutions that form the milieu in which organisations function. Institutions are defined as the "rules of the game of society, or more formally are the humanly devised constraints that structure human interaction"³⁰. They hold the opinion that building an organisation on such institutions not only reduces its costs of information, enforcement and negotiation, such organisations

²⁹ op.cit. Olson M., "The logic of collective action", Hardin G., "The tragedy of the commons", *Science*, 162, Dec 1968, pp. 1243-8. and op.cit. Ostrom E., "Governing the Commons".

³⁰ *ibid.*, p. 18

are also effective because they are based on the social capital of the society which helps reduce excessive rules, controls, litigation and bureaucracy. In many situations, especially in third world societies, institutions have been imposed causing dysjunctures like the lack of responsiveness and apathy among bureaucrats. Therefore studies from this perspective try to identify what institutional arrangement constrain economic development by including the role of politics, ideology, power and other cultural parameters. This then leads to the development of an understanding of the kind of non-market organisations necessary for effective intervention.

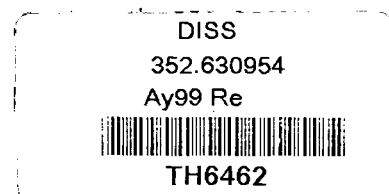
The Williamsonian perspective concentrates on the economics of information that affects exchange and utility maximisation. Any organisation under informational constraints suffers from bounded rationality and therefore take sub-optimal decisions that affect its utility. This perspective seeks to find institutions that would minimise the informational constraints. These interventions are usually applied to decisions in personnel management, labour relations and capital markets.

NIE marks a convergence between public choice and NeoMarxist thought. It shares the methodological foundation of public choice, and the concern for the search for organisations for resource allocation, but it favours an analysis of indigenous alternatives. It converges with NeoMarxist thought in explaining institutional change and collective action³¹. However, it focusses on reducing problems that



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³¹ Jean Ensminger, "The making of a market", Cambridge UP, Cambridge, 1993, and R.S. Rao, "New Institutional Economics, Marx and Marxism", Ch in "Towards understanding semi feudal semi colonial society", Perspectives, Hyderabad, 1995.



arise from the logic of collective action such as free riding, which the Marxists ignored.

There is a commonality of interest among all three theories. NIE theorists tread a middle ground between the market and the state - they find in other institutions a justification for their interventionist beliefs.

IV Conclusion

It is acceptable that the bureaucracy should be autonomous from political pulls and pressures, that bureaucrats are not angels and that institutions are necessary for an efficient market transaction. However, in the plea for state autonomy the question of its responsiveness to society remains unresolved, public choice does not provide for alternative institutional design within the context of the developing and state controlled economy, and the NIE approach suffers from logistical problems such as free riding of the institution itself.

For the sake of the SAP, what is now deemed as a prerequisite is 'good governance'. The need for the same in India, irrespective of the SAP, need not be highlighted. Secondly while the focus on the institutional capacity is significant, to ensure that bureaucracies should be insular and efficient is to overstate the case as it is precisely such an insularity that leads to state-society issues that the critics have pointed out to.

As the focus of the study is on the institutional capacity of the bureaucracy, the study is essentially located within the state centric theories. However the study seeks to disconnect the question arising out of it from the prescriptions attributable to the SAP.

Chapter Three

An Overview of Reforms in Developed and Developing Countries

I. Introduction

To bring together the whole array of changes to bureaucracies around the world into a single chapter is an ominous task, unless one were to provide an oversimplified explanation of change.. The second section looks at how the organisational structure of bureaucracies has shifted from the basic Weberian model, to something that is yet to be completely conceived. The third section focusses on the role of the state with reference to the need for efficiency and development. The fourth section provides an overview of certain institutions that facilitate state-market-citizen interactions. The fifth section focusses on the politics of reform. The last section sums up the aforementioned sections.

II. Organisation of the Bureaucracy

The organisational structures have been changing according to the changing dimensions of the bureaucracies' responsibilities. The changing dimensions are reflective of the context in which the bureaucracies are rooted. At one level, specific local circumstances have brought about reorganisational changes, and at a general level these changes cumulatively have led to the questioning of the basic Weberian model¹. The model has been questioned because its application has failed at the ground level. Failures and constraints of application at the ground level have necessitated a revisiting of the functional dimensions of the bureaucracy.

¹ The Weberian Model can be characterised as being centralised, hierarchical, functionally specific, professionally qualified, and a politically neutral system of organisation.

The problems that afflict bureaucracies are largely seen as reflective of the ascendancy of the market over the state and the consequent rise of managerialism. The latter is a response to the quest for achieving efficiency in the public services. From this point of view several features of the bureaucracies seem to be inefficient or constraints to effective long term economic growth and service delivery. Primarily it was felt that the size of the bureaucracy was too "big". To determine the bigness of governments any of the following indicators are used : a high proportion of public employment in non-agricultural employment, a high level of government spending as a percentage of GDP, number of government employees per 1000 population. However there is no one indicator which is universally used. Different reports have different indicators for this purpose². There is no "critical" benchmarking done to say that "beyond this" the government is "big".even if it is difficult to validate at what point the government turns "big", neither have there been attempts to clear it. Empirical evidence for most of the indicators can disprove the validity of the indicators³. The diversity of empirical evidence can be explained by the

² For example, The World Bank Staff Paper (No 583) uses the first two indicators, and the World Development Report 1996 uses the last indicator. In many other reports such as the Gore Commission Report, empirical indicators are not used.

³ In the Visegrad countries for example, government spending exceeded half of GDP in 1994, compared with just above 20% of GDP in Chile, Colombia, the Republic of Korea, Thailand and Turkey - countries whose incomes were comparable or slightly higher. By contrast government spending in the Baltics and Romania was around one third of GDP in 1994, almost 20 percentage points from 1989 levels. Turkeministan, where market reforms are the least advanced has the smallest government of all transition economies, with total spending below 10% of GDP in 1994." *World Development Report 1996* The World Bank, OUP, New York, 1996, p.113.

In the OECD countries there are 77 public servants per 1000 population as against 31 for the developing countries. African countries on the average have fewer public employees per capita than Asian and Latin American countries. *World Bank Paper No.583.p.3.*

there is little difference between developed and developing country central governments in terms of per capita number of administrators (2.9 administrators per 1000 population as against 2.3 respectively). *ibid.*, p.4.

varied levels of income and development, sectoral structure, demographics and politics. Therefore, there seems to be no correlation between the indicators and the definition of "big" governments. But they are still used, as it seems the best way to somehow chart out or define "bigness".

Also, the "bigness" of government is determined by a prevalent populist perception. It is the red-tapism, conformity to procedure, the extent of waste, its scope of operations, even its sluggishness to perform that add up to such a perception. It is this perception that reform policies and corroborative literature capitalise on. The whole wave of downsizing/cutback management in the '80's, and the corroborative literature associated with such a programme were generated by this perception⁴. While such a perception can be considered to be a truism, such downsizing exercises were prescribed as the only solution to infuse efficiency.

Later the canvass of reforms became wider, focussing on improving the quality of managerial inputs into budgeting and information systems. This happened at two levels - at the level of the structure, and at the level of the individual. The degree of reforms varied, the spectrum ranged from the minimalist to that of the most radical reorganisation. The objective was to shift from the traditional administrative controls to a managerialist/new public management approach to managing the civil service. The degree of change depended on country contexts. New Zealand, Australia, UK, and Sweden cluster at the systemic, reformist end of the scale while the

⁴ 'Reinventing Governments' is one such example that set the agenda for the Gore Commission during Clinton's first Presidential term.

Asian cases, the US & Germany have taken more incrementalist approaches.

Of late civil service reforms in the UK, particularly the agency reforms of the Next Steps Initiative, have been considered to be the most representative, and have been sought to be transplanted into other countries. Apart from downsizing personnel, the UK initiated a series of reforms that aimed at hiving off bureaux/government departments into independent agencies that "could be" privatised. These agencies are solely responsible for the implementation of government programmes. Most of the bureaucrats that have been removed are now heading these organisations. Agency reforms are fashioned loosely after the Swedish administrative model, in which semi autonomous agencies are operated with minimal central control. While policy functions are retained in central departments, agencies are charged with service delivery and, through the person of their Chief Executive, are held responsible for efficient use of inputs and the achievement of performance targets. Organisational culture is supposed to shift accordingly to emphasise efficiency and service. These new administrative relationships between agencies and parent departments are embodied in what is known as the framework agreement⁵. Implicit in the agency reform movement is a challenge to the traditional notion of a unified civil service. Too large and unwieldy to be managed as one organisation, government as envisaged by

⁵ Framework Agreements establish the policies and thereby establish the aims of the government and the agency : the respective roles of the minister , permanent secretary and the chief executive: the financing available to the agency, annual operational business plan, the annual performance agreement with the agency indicating performance targets, indicators and monitoring agreements, and staffing policies. Similar agreements exist in New Zealand and Australia. In Sweden , however the arrangements are more informal.

Next Steps architects and other agency reform proponents, is instead a collection of interrelated but separately functioning businesses⁶.

These reforms in the UK seem to be accepted as the most progressive and successful even though many "uncertainties remain". Developing countries have sought to extrapolate such "reform lessons" to transitional countries, with due regard to the specific local contexts. However, academic observers of Public Administration in Britain seem to be confounded by the "pragmatism run wild" syndrome⁷. Christopher Hood, one of the proponents of the New Public Management movement complains of the difficulty in "gaining any intellectual bearings on this vast and apparently formless mass of organisations"⁸. There is a lot of theoretical suspicion about successful administrative ideas as he says that skeptics on the structure-performance hypothesis are gaining the ascendancy. Jordan claims that the government "is in the fog... because there seems to be no certain way in comprehending the 'messy' empirical pattern of government"⁹. He is not clear as to who could be defined as a public servant, what is now a government department, what is its relationship with other departments, how the bureaucrats are now made accountable - in short almost all the fundamental questions. He believes that there seems to be no theory other than political convenience to explain the arbitrariness¹⁰.

⁶ The economist, Dec 21, 1991, pp.66-67.

⁷ Johnson N., Accountability, Control and Complexity in Barker A., "Quangos in Britain", Basingstoke, Macmillan, UK, 1982, p.209

⁸ Hood C.C., "Governmental Bodies and Government Growth", in *ibid.*, p.44

⁹ Jordan G., "Government in the fog; Principles versus practice", Routledge, UK, 1993, p.8.

¹⁰ He quotes a study conducted by Leo Platzky, an eminent retired bureaucrat, who says, one of the reasons given for concern about them is that they (agencies, quangos) may represent not only a spread of apronage but a concealed

Therefore there seems to be a yawning gap between the proponents of reform (be it the government, and collaborative literature) and skeptics. The gap could perhaps be defined by the former being confident about reforms being on a certain trajectory even if unknown, and the latter being absolutely stupefied by it. This gap seems to be primarily because the proponents seek to see order in their observations, and the latter are unable to get their "intellectual bearings" on the changes, while the changes themselves seem to be affected by the Hawthorne effect¹¹.

At one level this skepticism is also characterised by missing the wood for the trees. The skeptics seem to have accepted the breakdown of metaphorical usage of the "machine" in describing the bureaucracy. But it is limited to that. The challenge of bringing a whole array of influences within their analytical frame has not yet been taken up.

The use of the metaphor had precluded the deterministic "informal" networks that grow between bureaucrats. One can call them deterministic because these "informal networks" do determine formal discourses and relationships. They run parallel to each other and are symbiotically interrelated. Banquets, luncheons, communitarian values such as kinship, university camaraderie do act as catalysts for formal action. Secondly ethical issues arising out of corruption or malfeasance, and technical issues arising out of 'fixes'¹² still do remain challenges.

growth of government that does not show up in for example, the size of the civil services. *ibid.*, p.26

¹¹ The introduction of any environmental change stimulates performance improvements over the short run but may not necessarily have an enduring impact.

¹² Fixes are manifestations that arise out of 'waste' in the sense of avoidable inefficiency and incompetence. There are two kinds of fixes : technological fixes that don't reflect attempts to use new technology to lower counterproductive management fixes that don't reflect ill thought out measures to cut costs or raise service quality

Literature, satirical about 'bureaucratise' essentially do capitalise on and gain popularity drawing upon a populist consensus against the same. Their popularity also draws from the commonly perceived significance of the precluded influences.

One of the reasons which could be attributed to such preclusion is the celebration of managerialism as an instrument to determine and "fix" the structure. The definitive nature of "managerialism" excludes that which does not "fit in". In other words it tends to determine everything leading it to blindspots because of the limitless possibilities of people to interact, relate and think beyond just being managers/bureaucrats.

The World Bank has understood the limits of such homogenising instrumentalities in developing countries as a result of the accumulated negative experience in adjustment lending as explained in the previous chapter. By projectising the 'governance' approach across African countries they have essentially sought to assess the institutional dimensions and cultural contexts that could facilitate or constrain civil service reform.

To conclude there seems to be a growing understanding of the limits of managerialist prescriptions for the developing countries, and a concurrent confoundment with bureaucratic 'machinery' in the developed countries. While there is a large following for the managerialist trends, one cannot overlook the skepticism around the fringes.

which turn out to have the opposite effect. Hood C.C., *Moving beyond the Public Bureaucracy State? Public Administration in the 1990's*; Inaugral Lecture, LSE, 1993.pp.12-13.

III. Role of the State

If the markets are gaining the ascendancy over the state and yet many people still don't get drinking water and basic healthcare, then what the state should do and how it should do becomes the big question.

To facilitate efficiency and development it is now accepted that the state should be autonomous and responsive. The World Development Report of 1997 states that the present state in a changing environment should be effective. It suggests a recipe for an effective state. The effectiveness of a state in turn is dependent on its capability i.e. the "ability to undertake and promote collective actions efficiently such as law and order, public health and basic infrastructure. Effectiveness then is a result of using that capability to meet society's demand for those goods"¹³.

According to the report, the strategy is to match its role according to its capacity, which is done by identifying its areas of functioning, enhance the predictability of rules and policies, divesting itself of areas which could be better provided by any one else, providing effective regulatory systems, determining a comprehensive industrial policy and managing privatisation.

If the capacity is low then the need is for reinvigorating state institutions, by providing incentives for public officials to perform better while keeping arbitrary action in check.

¹³ World Development Report 1997, The World Bank, OUP, New York.p.3

This is to be done by a range of mechanisms :

1. Effective rules and restraints : Ensuring a proper separation of powers that can check arbitrary action, through providing multiple veto points, reducing legislative and political oversight of the bureaucracy by reducing discretionary authority that can encourage corruption.
2. Subjecting the state to more competition by boosting merit and incentive based promotional system within the civil service, and in the provision of goods and services through contracts.
3. Bringing the state closer to people by broadening participation and developing power so as to bring about ownership and consensus.

The state should be autonomous and responsible i.e. a balance was to be struck that allows state authorities sufficient discretion to exercise their expertise, while simultaneously leaving non-state actors enough power to veto misguided initiatives.

The degree of "sufficiency" for discretion to exercise their expertise can be extremely low, totally incapacitating the state or extremely high making it predatory. This issue is purely related to the nature of the state within state structures itself. The objective is to ensure the right kind of autonomy, an autonomy that is based on the capability of the state to make it more effective.

The question of responsiveness i.e of leaving enough space for them to exercise their power, only to make the state more effective is not only dependent on the degree of accountability and transparency

in state operations but also on the strength of collective action of the non-state actors.

Therefore while both characteristics of the state are interlinked and need not be separated, for reasons of convenience, one would like to artificially separate the two. When the state is interfaced with the market what is primarily required is an autonomous state, and when the state is interfaced with civil society what is primarily required is its responsiveness. The objective in the former is efficiency and in the latter is accountability.

The bank believes that while institutional reforms are required in developing countries, with a low capacity, what has to be immediately addressed is "capture" by rent seekers and log rollers. The states do exhibit some autonomy intervening in social and economic activity, by its overendowed regulatory and controlling capacity, but was anemic in their capacity to tax and resist pressures from social and economic elites - an intriguing combination of strength and weakness. In reality the central problem of the state and of the governance capacity it encompasses or expresses, is the problem of capture by powerful interest groups. That is to say, the most important challenge facing any state is its survival - let alone its capacity to provide effective public policy and an enabling environment for growth and development. The main issue is that of maintaining a minimal degree of autonomy from the competing pressures of society. Hence no matter what else governance means - culture efficient bureaucracies, universal rules, effective intervention and processes - it has first to address the question of capture". Several states have historically managed this change by differentiating its goals from those of competing interest groups.

Therefore what is required for developing countries is a demi-urgic state "the continual need to generate new realities that are not yet under the control or on the agenda of powerful interests, becomes the primary means of not succumbing to the control of these interests, and for simultaneously resolving disputes among them."

While in the process of generating a new vision it has been noticed that, paradoxically, as the scope of the government expands, new amendable strategic interest groups are interlinked by precluding the old interest groups thereby creating a new group configuration. This makes it vulnerable again, and the cycle repeats as it is again conditioned by its historical logic of behaviour.

IV. Institutional dimensions to reform

While an insulated state is necessary for growth and efficiency, the danger to exclude the context within which it is located is also inherent within, make it either predatory or totally incapacitated. Institutions within contexts and outside the contours of state machinery help in shaping effective outcomes of state policies.

Institutions could be defined as "regular, patterned behaviour" of people in a society, and the values and ideas associated with these regularities¹⁴. Such behavioural inelasticities crystallise into structures/forms of organisation. In other words, almost every structure can be broken down to a set of rules (when defined as inelasticities), and values considered legitimate by the society in which the structure is embedded.

¹⁴ Naeale W.C. Entry on 'Institutions', *Elgar Companion to Institutional and Evolutionary Economics*, 1994, p.402.

Such institutions facilitate interactions between the government, market/economy and the citizens. The need for such institutions is to enhance transparency and accountability in the interactions, and reduce the reliance on trust. Between the state and the markets it tries to avoid distortions that could arise in their interrelationship broadly categorised as government and market failures. Between the state and the citizen, they aim at a more substantive democratic relationship which was previously restricted to electoral politics. Between the market and the citizen they aim at promoting a more responsible and value oriented relationship which 'prices' were supposed to reflect.

Some of the institutions that have arisen as a result of the shifts in public bureaucracies are:

1. Citizen's Charter: This is a document (see Annexure 1) that aims at making the public services more responsive to the client public now called "citizen-customers" - providing them an opportunity to indicate their satisfaction (or dissatisfaction) with the services they receive through regular surveys and published performance indicators. The shift from citizen to citizen customer, rather than just a "user" of public services is significant. In one case, the civil servant may see himself as the owner of the service, the citizen a mere user: in the other, the citizen is the ultimate customer who pays the civil servants salary as a taxpayer and should be treated with the respect with which a customer is treated in other sectors. "The emphasis is upon individual rights to choice and to quality, with little reference to citizens' duties. Accountability is seen as market based...the public is seen as having acquired rights to services through the payment of taxes rather than community membership. The model of the state's relationship with

citizen is one of contract rather than embodying any idea of commitment and responsibility. The state's role is to guarantee rights, rather than provide services. The justifying basis is liberal individualism rather than civil republicanism"¹⁵.

2. Stakeholding: This underpins corporate governance and now is sought to be applied to not only companies but to the government especially in the area of service delivery. While it is conventionally assumed that a company's responsibilities largely lie with the shareholders and its employees, by stakeholding, its responsibilities are sought to be extended to a larger arena where customers, suppliers, creditors, the local community have a stake in the company's interests. This is especially so in the case of public utility services. The existence of legal obligations reflects the fact that the decisions of companies affects groups of people other than shareholders. All of them have an interest in the long-term success of their company. While legal frameworks do reflect the need for companies to take some note of interests of stakeholder groups, they sometimes do not reflect the true weight and complexity of company - stakeholder relationship. They have to be complemented by other institutions such as property rights, contracts.

The institutional dimension to reforms is the most challenging for research because these provide the fulcrum to the state and market, irrespective of which side the balance is tipped. The abovementioned institutions are only those institutional "spillovers" from the inadequacies of the governments of the past. It is now accepted that one has to harness indigenous institutions to facilitate economic growth. The

¹⁵ Ridley F.F., " *Civil Service and Democracy : questions on reforming the civil service in Eastern and Central Europe*", Public Administration and Development, Vol 15, 1995. pp11-20

bringing together of "old" institutions with "new" institutions (like the market) lends a new impetus to policy research in developing countries.

V. The politics of reform

It has been stated earlier that the decision to reform is essentially a political decision, justified by an economic rationale. There is no objective truth to efficiency, as there would be contending rationales broadly within the spectrums of the left and right. An ideological consensus grew among the developed countries around the free market, and they use the consensus as leverage for funding to developing countries that were in a fiscal crisis. While it seems quite natural to presume that a country in a fiscal crisis would mean tighter controls and less government expenditure, it seemed to naturally follow that they had to liberalise the economy to set right the pathology of the economy.

The prevailing political philosophy of the New Right is strongly rooted within the individualist tradition, and therefore believes that the less the state interferes in their lives the more freedom they will have to set their own priorities. Accordingly, a free market society is a key objective alongwith a minimal state, because individual freedom depends on deregulation in social and economic affairs.

The acceptance of the New Right philosophy in the electoral agenda of many states, is essentially because the 'policy failures' of the post World War II period were popularised by them. The Keynesian mode of state intervention discouraged the passive consumption of state provisions, and in doing so seriously undermined peoples' confidence in directing their own lives. This led to an unforeseen effect

- the generation of a marked distrust of those in charge of the apparatus of government, a deep skepticism about expertise and a decline in the legitimacy of socialism (now associated with bureaucracy, surveillance, red tape and state control). In sum, therefore it was felt that state control failed to 'deliver the goods'.

This concept of failing to deliver the goods is noteworthy for its distinctive economism. It has been argued that "Economics is... distinctive in its propensity to reason through explicit functions, notably in the fiction of the economic person as opportunistic and self-seeking to the exclusion of all else... to the extent that the fictions are complex and arcane, they command respect and awe...establishing a claim to a special expertise beyond the realm of the laity's understanding"¹⁶.

However the policy failures of the SAP model in several countries, and the inability of the market to "deliver the goods" in the late 90's seems to have brought back the ideological consensus to a more centrist platform¹⁷. What seems central in the realm of politics of reforms is who can employ the difficulties faced by the common man, project them as problems solved by the proposed shift, and provide an alternative to be built upon the foundations of the past. Therefore what makes arguments convincing is their rhetorical power: the standing of the proponent and the packaging of the argument. Jordan notes "we must be skeptical - particularly of those advocates of administrative change who regularly oversell their wares, and who regard reminders of past failures as "knocking". We are allowed to be puzzled when themes of accountability and consistency which have been central

¹⁶ Hood C.C. and Jackson M.W., '*Administrative Argument*', Aldershot, Dartmouth, 1991, p.159.

¹⁷ The electoral victories of Bill Clinton and Tony Blair are assumed to be because of their centrist positions.

to the problem of policy administration for decades are suddenly 'solved' by not being addressed. We must in particular be wary of prescriptions from consultants who have a financial stake in glossing over problems and telling that their wish list is realistic. Don't ask a barber if you need a haircut. Unless the adviser has the freedom to knock over daft ideas when they deserve it, his or her advice is likely to be of questionable value"¹⁸.

VI. Conclusion

In conclusion, taking stock of the "reform lessons" from other countries the following conclusions can be drawn :

1. In the second section it was seen how the organisational shift has created a gap between the proponents and the skeptics. This can be attributed to the breakdown of the 'machine' metaphor which had precluded influences that were rooted in other realms ,and the limitless possibilities of human interaction. This situation is further complicated in developing countries as is seen by the resilience to adapt the Bretton Woods model for economic reform. This has been sought to be diagnosed by using an explanatory variable of governance and projectising an approach built on ownership and consensus around reform objectives.
2. In the third section on the role of the state it was explained that when the autonomy of the state is interfaced with the market and civil society , could promote the effectivity of the state. The latter in turn is determined by its functional capacity , and where

¹⁸ op.cit., Jordan A.G., " *Government in the Fog : Principles versus Practice*". p.5.

its capacity is weak the solution lies in reinvigorating public institutions and providing incentives for collective action for non-state actors. For institutional reform, what has to be immediately addressed is the 'capture' of the state. The latter can be overcome when the states are demiurgic i.e. have the capacity to think further than the rentseekers. While this leads to the creation of new group configurations, the state is made vulnerable again as it is conditioned by its historical logic of behaviour of being 'captured'.

3. The fourth section provided an overview of institutions that have grown to reduce distortions in market situations, and to provide for a more substantive democratic relationship with civil society. This is a critical area for policy research as the nature of institutions is that of an interface, and have the capacity to minimise 'failures'.
4. In the fifth section it was stated that the reasons for the acceptance of the New Right philosophy lies in it being rooted within the individualist tradition, and of the 'policy failures' of the Keynesian mode of state intervention. However the consequent inadequacies of the model has brought the ideological consensus onto a more centrist platform. Therefore it can be concluded that while the politics of reform would vacillate between strategies, what makes arguments convincing is their rhetorical power: the standing of the proponent and the packaging of the argument.

What reform 'lessons' does this hold for India? This seems difficult to answer because one can neither say that they hold none nor can we say that they are perfectly relevant. For reasons more global than

local they are as relevant to us as they are for the rest of the countries. The challenge lies in understanding local realities through global explanations and in challenging the latter through the former.

Chapter Four

The Bureaucracy in India

I. Introduction

The attempt in this chapter is to locate the experiences and lessons of reform in other countries within the Indian context. The second section analyses the role of the Indian state in the light of the conceptual variables previously mentioned. The third section proceeds to take a look at some institutions that have grown in the changing circumstances. The fourth section focusses on the politics of reform. The fifth section reviews the Report of the Fifth Central Pay Commission and reflects on the recommendations of the report. The last section sums up the aforementioned sections.

II. Role of the state

The role of the state is to be autonomous and responsive at the same time. It has been generally accepted that the Indian state is relatively autonomous although it has been subject to pressures from various interest groups, and at the same time has promoted some development. However merely having a rational, insular bureaucracy with a large size and presence in the economy does not necessarily make it capable.

The WDR states that "The main issue in South Asia is overregulation and an overextended state - both cause and effect of bloated public employment, and the surest route to corruption, regulatory simplification and public enterprise reform, and the resulting contraction of the role of the state will be complex and politically difficult. But such measures stand to boost economic efficiency, increase competitive pressure, reduce corruption and produce substantial fiscal savings. Another imperative is to build stronger partnerships with, and listen more effectively to business and civil society, to improve feedback and supplement the states' capability.

Persuasive political interference is a second major barrier to state effectiveness in many countries of the region.... India's bureaucratic capability suffers not merely from legendary amounts of administrative red tape, but from the fact that the autonomy of its highly qualified civil servants is severely circumscribed in practice (despite statutory protection from interference in their individual actions) by frequent, often politically motivated transfers of personnel and other arrangements."¹.

There is an adequate amount of literature that probes the reasons for the attenuation of the Indian state. The range of literature is spread across the ideological spectrum. The neo-classical approach provided by Jagdish Bhagwati and T.N. Srinivasan identified 'government failure' i.e. the combination of the strategy of planning with import substituting industrialisation was seen to have resulted in a 'high cost' economy replete with inefficiencies, corruptions, delays and distortions. Sukhamoy Chakravarty focussed on the political and technical constraints outside the state that posed problems. Pranab Bardhan drew attention to the dominant coalition that ensured a proliferation of subsidies to themselves thus dominating the resource allocation process. The Rudolfs saw the state as the autonomous third actor in Indian politics and suggest that it has contributed to a centrist oriented social pluralism in which class politics has been marginal and subordinate to other social formations such as caste, religion and language. The Marxists drew attention to the inability of the state to achieve land reform , or any other asset redistribution of significance, or

¹ World Development Report 1997,OUP, New York,1997.p164.

indeed to control the acquisitive tendencies of the elites, was seen to reflect the nature of the state itself².

Therefore while the nature of the state is quite protean, there is a consensus on the weakening of the state, and its inability to generate change because of the predominance of politics over economics, and the resultant political impracticability of radical reform. A liberalisation programme not preceded by institutional reform makes the contraction of government, which is an essential subsequent supporting step, a tougher proposition than would have been the case otherwise. This is quite a paradoxical situation as it "not only prevents the state from increasing its governance capacity the traditional way, but - since the contraction of government is a main constitutive goal of adjustment - they also deprive the state of its ability to ease the adjustment by distributing pay offs and compensations."³

As has been suggested earlier, the solution lies in reinvigorating public institutions. But is the state even capable of generating such an reinvigoration? It is presumed that the state could have some 'sensible' capacity for reform even if very meagre, but the Indian state in normal periods, i.e. periods not marked by crisis, has not shown a tendency to effect much change. Literature on the political economy of the state have shown that development strategies have not succeeded because of the unimplementability of certain institutional reforms such as land reforms. Even reforms for what are generally considered non-

² For reasons of economy, the various perspectives have been stated very briefly. The study has referred to the survey provided by Ghosh J., "*Development Strategy in India : A political economy perspective*", in Bose S. and Jalal A., "*Nationalism, Democracy and Development in India : State and Politics in India*", OUP, New Delhi, 1997. pp165-183.

³ Frischtak L.L., "*Governance Capacity and Economic Reform in Developing Countries*", The World Bank Technical Paper No.254, The World Bank, Washington D.C., 1994. p.30.

controversial and non-ideological in content are scuttled⁴. It is more than 30 years since the Lok Pal Bill was drafted but it has not been implemented.

Despite the considerable extent of democratisation and political consciousness, its inability to generate institutional reform is intriguing. There could be two reasons for this. The first is that there are no incentives for collective action to organise or sustain a movement to shape government initiatives. Secondly even if there are such movements their bargaining power is reduced due to asymmetric information between the state and the people. Moreover, the state can either 'lock' the demand into technical 'problems' or promote populist vote catching proposals that earn short term credibility but for the long term are vacuous.

What are the other possible reasons for the unimplementability of reforms? While the essential focus has been on the extent of autonomy of the state and its capacity enhancement, what lies outside the framework is the strength of the bureaucracy to not reform⁵. The capacity of the bureaucracy especially in India, to maintain the status quo is very high, and seems unlikely to be replaced by a pro-active capacity during normal periods. This is further facilitated and perhaps

⁴ Sister K. Chaudhary, " *Bureaucrats vs. Technocrats! Why Administrative reform has never taken off*" *Capital*, 10 Nov 1980 pp.15-17. As quoted in Pai Panandiker, "Survey of Research in Public Administration, Konark, 1997p.362", and SR Maheshwari " *Administrative Reforms in India*", Macmillan, New Delhi, 1981, pp.106-114

⁵ As Washbrook says " The later Victorian ICS, as the whole of the British establishment developed a high-flown rhetoric of impartiality and guardianship, which served to protect its moral authority and quasi hereditary elite status from the challenges of rising democracy. To a degree, that the rhetoric, and the ideology behind it, continued into the post colonial era where it was used to delegitimize programs of radical change in everything from the law to the linguistic bases of the state". David Washbrook, " *The rhetoric of Democracy and Development in Late Colonial India*" ch in op.cit. Bose and Jalal. p.41.

even reinforced by an environment that cannot contravene such a situation.

Even if there is a policy change, such as that initiated in 1991, what falls outside the framework of conventional analysis is the extent of resilience of old networks to prevent state payoffs, as also their being coopted as critical supporters of the policy shift, in spite of the consequent new interests that are generated. The capacity of a "demi-urgic" state to think further and act faster than the old interest groups who can adjust in advance is not known. However if the state does manage to move further than the old interests, the traditional logic of behaviour would eventually circumscribe the policy shift. And if the old interests tend to act faster, then the state would under the new vision cater to a larger assembly of interests. Therefore change in such a situation of increased resilience, ensures that the developmental trajectory remains suboptimal.

Therefore writes Ghosh " the recent transformation in economic strategy do not really represent a withdrawal of the state in the economic arena in India, but rather a transformation of the character of the association. Government and bureaucracy are still critical in economic functioning, whether explicitly or implicitly. In turn this means that the rent seeking activities which are often seen as the negative result of government intervention are equally, if not more, significant in this context when the range of active government involvement is supposedly declining, as in privatisation of state assets. This reflects a political economy wherein not only is the primary economic role of the state that of protecting private property, but the state itself is seen to be

effectively the private property of the elite, albeit contested and in need of popular legislation."⁶.

Further she adds " the extent and spread of government regulations and controls had spawned a huge parallel economy which ultimately reflected the states' powerlessness rather than its actual reach. The current government strategy is one of regularising such incomes and bringing them under the "white" economy simply by doing away with the regulation or providing incentives for dealing such incomes. This has the effect of actually giving sanctity and recognition to this parallel black economy, allowing lawlessness to become a regular feature which pervades all aspects of civil society and allowing everything, including the fundamental rights of citizens, to become marketable and negotiable."⁷.

The question basically is how is one to arrest a movement towards a sub-optimal direction? There seems to be a two pronged strategy. The first is to design policies in a manner, that has been conceptualised as "targeted universalism" - i.e. through the strategic situation of policy tasks to which universal principles are applied⁸. The tasks that are strategic are employment generation, primary health care and primary education. Being complementary to each other, they enhance the capacities of the citizenry, and thereby provide for collective action⁹. the second strategy is that the state should also

⁶ op.cit. Ghosh in Bose and Jalal A. ,p180.

⁷ ibid.,p.182.

⁸ Gent J.E. ,"*The State and the Poor : Public Policy and Political Development in India and the United States*", Vistaar, New Delhi,1993, .p197.

⁹ ibid.,p.196 and Sen A. and Dress J.,"*Economic Development and Social Opportunity*", OUP, New Delhi,1996.

"learn" by making itself responsive by building the foundations of and bridges between new socio-political institutions¹⁰.

III. Institutional framework

The growing realisation of weaknesses within institutions, coupled with the ever changing needs and circumstances has led to the serious consideration of institutions now. Institutions have grown as interfaces for the government with the economy and society. The study does not focus on institutions relating to the market and proceeds to take a look at some non market institutions.

1. Panchayat Raj Institutions : The Panchayati Raj institutions were given a constitutional status with the 73rd Amendment. The Amendment makes direct election to village, intermediate and district level panchayat bodies every five years mandatory. If panchayats are suspended, elections must be held within six months. The amendment reserves one third of panchayat seats for women, and it provides that scheduled castes and schedule tribes must be represented in the panchayats in proportion to their share of the general population. In an effort to ensure a transfer of substantive power to the panchayats, the amendment mandates the establishment of a financial commission in each state to periodically allocate resources between state government and the panchayats. The amendment also includes an illustrative list of subjects that might be transferred from state authority to the panchayats. The state governments have either been eager or reluctant¹¹.

¹⁰ Christopher Hood," *The limits of Administration* ",John Wiley and sons, London, 1982.pp.74-91.

¹¹ For a commentary on the PRI after the 73rd Amendment, George Mathew," *Panchayati Raj: From legislation to movement*", Concept, New Delhi,1994

Even if the establishment of Panchayats has been influenced by caste/class considerations some positive outcomes do accrue due to that very reason. For instance, if the local elite does manage to control the institution, the reservation provided to the backward castes, women, and the proximity of the electorate enhances the capacity to levy sanctions. Secondly the devolution of developmental programmes to these institutions, under the watchful eyes of the electorate could ensure effective outcomes because of their greater observability when compared to implementation strategies of the bureaucracy¹². What is however considered necessary is the transparency of information, as it would provide the public the capacity to monitor the authorities' behaviour.

2. The Right to Information: The campaigns for the right to information are being conducted at the national levels and at the state levels. At the national level the objective is to reform the Official Secrets Act, While at the state level the objective is to bring the rural developmental expenditure under public scrutiny.

At the national level the case for reforming the Official Secrets Act is specifically related to section 5 of the Act (see Annexures 2 and 3). The movement has been undertaken by the Press Council of India and so they have paid special attention to the repeal of clause(2) of the same section¹³. However there has been an unwillingness on the

¹² Gent states that bureaucratic implementation could be ineffective because of several reasons such as the latitude to monitor data, the emphasis on certification, and the lack of accountability to the beneficiaries .op.cit., Gent J.E., "*The State and the Poor*", p. xxiii.

¹³ The second Press Commission has opined that "there can be no doubt that the section 5 as it stands can prevent any affair of government being disclosed to the public and there is widespread public opinion in the country that the section has to be modified or replaced and substituted by a more liberal one". H.D. Shourie, "*The right to information*", ch in S. Guhan and Samuel Paul(eds.), "*Corruption in India*", Vision, New Delhi, 1997.p.130.

part of the successive governments to pass such a bill. At the same time there have been several Supreme Court Judgements favouring the passage of the right to information. In the state of U.P. vs. Raj Narain AIR.1975 S.C.865 Mr. K.K. Mathew said " The people of this country have a right to know every public act , everything that is done in a public way by these public functionaries. They are entitled to know the particulars of every public transaction in all its hearings. The right to know , which is derived from the concept of speech , though not absolute, is a factor which should make one wary , when secrecy is claimed for transactions which can at any rate , have no repercussions on public scrutiny"¹⁴.

In S.P. Gupta vs. Union of India AIR 1981 S.C. 149, sections 123 and 162 of the Evidence Act were interpreted to restrict severely the area of privileged secrecy and asserted the power of judicial review in deciding between competing claims of privileges against disclosure and the public interest in the disclosure. The governing test was whether the public interest would be harmed by such a disclosure.

At the state level, the Panchayati Raj brought to the fore the observability of the mechanism of power in a democratic polity, and the realisation of the fact that the observed 'realities' such as corruption could now be corrected through institutional mechanisms. The objective is to enhance the transparency of development spending, accountability, sanction of social audit and redressal. In places where public hearings were held ,and government orders were issued the extent of corruption. It was sought to bring under the purview of public scrutiny muster rolls, development expenditure and Public Distribution System inventory records. While governments in

¹⁴ *ibid.*, p.122

Rajasthan and Madhya Pradesh have set up committees and promulgated draft legislations, the extent of opposition from the representatives and the bureaucrats could eventually dilute the substantiveness of the bill¹⁵.

The extent of transparency that would eventually inform administrative organisations does depend on the extent of patronage that links both the bureaucrats and the politicians. Any change in such circumstances would possibly be incremental and would not generate effective outcomes. The institutionalisation of the PRI and effective "economic outcomes" in the urban areas would lead to the politicisation of groups which were hitherto at the margins and were only considered as possible constituencies. This would definitely affect the configurations within the interest group structure arraying the marginal groups, thus making it politically beneficial for the state to address their concerns.

3. The Steering Committee and the "Contract" in Uttar Pradesh:
There have also been the growth of institutions brought about by the growing federalisation of the polity. The coming together of 13 different parties into a coalitional arrangement led to the creation of a steering committee at the centre. In Uttar Pradesh, the inability of any party to gain a majority to form the government, led to the signing of a "contract" between two ideologically opposite parties the BJP and the BSP.

The Steering Committee at the centre is the policy surveillance "body that determines the extent to which the ruling government functions according to the Common Minimum Programme envisaged

¹⁵ Roy A., Dey N., and Singh S., *Demanding Accountability, Seminar* 449, January 1997, pp.82-87 and *Seminar* 431, July 1995, pp42-46.

by the parties. Decisions of the government are generally endorsed by the steering committee before they are made public pronouncements. A minimal consensus on important policy decisions is achieved in the steering committee. This therefore makes it an important institutional mechanism that evolved specifically in the present Indian context defined by pluralities.

The lack of any party able to form a government in Uttar Pradesh led to a surprising coalition of parties based on a Contract that was signed between them. The contract envisaged a 6 monthly rotational term for the office of the Chief Minister alongwith the sharing of ministerial berths in the cabinet on 1.1 basis. A monitoring agency consisting of 3 senior leaders from both parties was also created. This was all the contract envisaged, and to that extent did not control the decision-making of the government¹⁶.

Institutions such as the steering committee and the contract government portend the creation of significant informal structures as a result of the growing federalisation of the polity, and the consequent political polarisation reducing the probability of any party gaining absolute majority. The need for such institutions seems to arise from the need to circumvent political uncertainties from being determined on the floor of the house thereby reducing government instabilities.

4. The Voluntary Sector: The arena of development has also been affected by a marked change- the growth of a voluntary sector promoted by government policies initiated since the seventh plan. Apart from the support from the state the revival of traditional institutions that provide mechanisms for collective action such as Jan

¹⁶ India Today, April 15,1997

Sunwais in Rajasthan, Shram Dan in Madhya Pradesh and Andhra Pradesh ,Pani Panchayats and Van Panchayats in Kumaon have contributed and shaped the implementation of development programmes¹⁷.

The growth of the voluntary sector has been divided into 5 distinct stages, each attributing a specific identity to the voluntary organisation¹⁸. The stage of struggle for survival is characterised by incipient volags that are extremely small, homogenous and informal in nature. The next stage is marked by fulfillment of government formalities, a credible record of field work, some measure of certainty regarding resources, ability to retain staff and deploy them, and a general acceptance by the community that is being served. This stage termed as growth and consolidation are characterised by volags that are purely implementing agencies of government policy, and their agenda and sustenance is determined by the state. The movement is essentially towards innovation and recognition .In this stage the voluntary organisation is capable of providing policy inputs and has earned the acceptance of the community that is being served. In the fourth stage, the move to institutional maturity is determined by the need to reduce the dependence on funds and diversifying the pattern of finance by mobilising local resources from within the community rather than from governments or foreign sources. Even, those

¹⁷ Jan Sunwais are a mode of public hearing that have provided the foundation for the networking of groups for the Right to Information Movement in Rajasthan. Shram Daan if literally translated , is to donate one's labour without any financial compensation. This form of donation is usually used for the creation of local institutions such as schools , canals. The governments of Andhra Pradesh and Madhya Pradesh have sought to harness this spirit by encouraging them to register these movements into societies so that they can avail of institutional funding .Join Forest Management strategies are one such institutional innovation.

¹⁸ Ravi Gulhati and Kaval Gulhati,"*Strengthening Voluntary Action in India*",Konark,New Delhi,1995,pp.48-57

organisations that have been led by a visionary leader could now be prepared for a leadership change. The final stage is determined by the degree of autonomy and participativeness and financial self reliance.

According to Harsh and Sethi , the voluntary sector “ is in our view , simultaneously a reflection of organisational innovation to respond to shifting market trends , as also an assertion of the irreducible autonomy of individuals and communities against an increasing encroachment by the state in daily life. This contradictory impulse needs to be captured to make the concept of governance more amenable to the assertions of peoples rights such that the state functions not above and away but is brought within the parameters of civil society”¹⁹.

Any future policy aimed at the reform of public institutions has to give due weightage to these new institutions which reflect the new realities .

IV. The Politics of Reform

Bureaucratic reform has never been an essential component of the electoral agenda of any political party. At the time of independence there was a broad consensus within the Congress to continue with the present administrative framework, and understandably so, for the costs of doing so were perceived to be quite high²⁰ . While Nehru was quite critical of the ICS, and several members

¹⁹ D.L.Sheth and Harsh Sethi“*Representations and reality: the NGO sector*” in op. cit “*Survey of Research in Public Administration 1980-1990.*”.

²⁰ Although this perception need not have been right, there were neither conducive circumstances nor suitable alternatives for any radical change. For the debates in the Constituent Assembly, Maheshwari S.,” *Administrative Reforms in India*”, Macmillan, New Delhi, 1981,pp4-11 and 15-24; David Potter,” *India’s Political Administrators : From ICS to IAS*”,OUP, New Delhi,1996 pp.125-130 and 145-150.

did make some criticisms regarding the administrative framework, circumstances such as the partition, the economic ideology of planning did ensure that we continue with the administrative framework.

Moreover, as long as the administrative framework did not create political trouble and the various dominant interest could benefit from a license-quota raj and agriculture subsidies the need to reform was not felt."there is a strong vested interest in retaining the familiar and employment-creating complexities of the (Administrative) system, along with reluctance to tamper with the going concern even though it may be going far too slowly for fear that the results may be a complete breakdown"²¹.

A series of corruption scandals between 1964 and 1966 led to the setting up of the Administrative Reforms Commission in 1966. It submitted its reports in 1970. In 1975 the Department of Personnel and Administrative Reforms claimed that decisions had been taken on 506 (out of a total of 581) recommendations. However "reforms proposals were one thing implementing them quite another".²² The Chairman in his covering letter to the Prime Minister , Indira Gandhi, when submitting the report on Personnel Administration to her remarked, "the reforms we have recommended are bound to raise resistance from those who are adversely affected. Resistance from within the service is a very difficult problem for the Government to deal with. The declarations made from time to time by the Prime Minister and other Cabinet Ministers have emphasised that reforms of a fundamental character are

²¹ op.cit, Potter D., p172

²² ibid.,p.170

needed. Resistance based on sectional or personal interests should not be allowed to come in the way of putting them into effect." ²³

Several reports have been submitted by various political committees and the department. This intermittent and routine process did not in anyway affect the bureaucratic machinery. As Kohli has remarked, "If one is not cautious one could easily conclude that policy momentum in India is driven by the expert knowledge that is periodically brought to bear on pressing national problems. Such a conclusion could be misleading. The decision to set up a committee is a political decision. Commission members are appointed by leaders and the policy preferences of these members are generally well known. Most important, whether the government chooses to act on a report is a political decision " ²⁴

The setting up of the Economic Administration Reforms Committee in 1989 under Dr. L.K. Jha was a part of the liberalising strategy which in itself was a result of the larger shift in political strategy by Mrs. Indira Gandhi. Her liberalisation strategy initiated in the early '80s' sent a clear message to the business community which she sought to be a part of her constituency.

The regime under Rajiv Gandhi did pursue the liberalisation strategy, but the bureaucracy was left unaffected²⁵. The strategy that was followed was determined by the extent of resistance which could be politically damaging. Reforms were pursued to the extent that

²³ *ibid.*,p171

²⁴ Atul Kohli," Politics of Economic Liberalisation in India", *World Development*, Vol 17 (3:309),1989

²⁵ V. Bhaskara Rao," *Administrative Personnel in India*", *op.cit.* Pai Panandiker," *Survey of Research in Public Administration 1980-1990*",pp.562-565.

political opposition was minimal and the values and the interest of the society at large were hurt²⁶.

The economic situation in 1991 led to the initiation of the Structural Adjustment Programme, by a minority government under P V Narsimha Rao. A series of stabilisation and liberalisation policy measures were introduced throughout the five years. The strategy was aided by a favourable agricultural season, and this reflected in the buoyant growth rates during the period. The extent of opposition from the initiation of programme has changed from strident to mute. The political parties like the BJP and the left were most critical of the policies when they were initiated.

Later, the institutionalisation of the programme reflected an implicit consensus between all parties. This led to the creation of new alignments around old interest groups. However, while new constituencies were created they did not necessarily translate into a mandate for a single party in the elections in 1996. This coupled with the breakdown of the Congress machinery, resulted in a "hung" Parliament with the BJP as the single largest party.

The programme however left the bureaucratic machinery untouched. One can presume two reasons. First, the political costs of debureaucratisation/deprivilege the civil services was very high, and there was no concurrent creation of a constituency to offset the costs. Second, the new constituency of pro-liberalisers that was created was

²⁶ There have been several instances when Rajiv Gandhi could pursue reforms without being subject to opposition such as the Automobile Policy, Textile Policy etc. In several other cases he had to bow down to pressure, such as the proposed fuel hike(?) and on the Congress resolution in following the socialist path of development (1985).ibid.,310

spread over all parties and therefore no single party had the incentive to make it a primary objective of their electoral agenda.

The elections in 1996 has seemingly brought about a reconsideration of the single party paradigm that determined electoral politics. The breakdown of the Congress party as reflected in its poor showing in parliament has led to a deligitimisation of Congress determined electoral strategies. The UF government has created new possibilities that were hitherto considered short-lived and as stop gap arrangements for an eventual single party majority rule.

This has led to the questioning of which system would be more capable of implementing reform- a coalitional /minority government arrangement or a single party that is capable of internally managing coalitional interests? It has been observed that both arrangements do not seem internally democratic thereby increasing the propensity to seek rents, maximise short term pay offs and adopt a gradual political-economic strategy as they tend to adopt a risk averse perspective²⁷ . Therefore it has been argued that the conditions for building consensus building strategies for either an encompassing party or coalition minority govt. are the same²⁸ . Therefore, a typical reform package that appears politically possible would evolve a gradual political economy path, which can make it extremely vulnerable precisely because of its gradualism. The prospects to a single party however seem better because coalitions face greater problems of political instability and government weakness.

²⁷ Sridharan E., " *Coalition Politics in India: Lessons from theory, comparison and recent history*", Centre for Policy Research, New Delhi, 1997.

²⁸ To promote internal democracy, to set up horizontal consultative mechanisms and to ensure a secure tenure for organisational leaders.

V. Organisation of the bureaucracy

An assessment of the organisation of the Central Government employees in the post liberalisation period has been provided by the 5th Pay Commission Report (see Annexure 4).

The primary objective of the Pay Commission is to revise the pay-scales and to evaluate the structure of the administration periodically. Apart from the above mentioned objective, what draws attention is the constant demand by central government officers who seek parity of pay, emoluments and status with that of the IAS.²⁹

The 5th Pay Commission report given a wide brief by the government, has sought to set the canvass for debate in the light of the contemporary global changes. The debate, from the report it could be inferred, is centred around 3 points - what is the role of public service, how does one promote efficiency in administration and what is to be done to improve our human resources and optimise the size of government machinery. Each question has been further divided into sub issues (a chapter being devoted to each) and recommendations for each have been made. It has not only focussed on pay-scale revisions and structural changes but also looked into the ethos within which the bureaucracy is located to outline a "blue print for action, which, if implemented, would result in a totally transformed style of governance in this country, which will be modern, non-feudal, honest, professional and citizen friendly."³⁰

²⁹ These issues are constantly raised with the release of the fifth Pay Commission Reports. For details op.cit. Potter, D., India's Political Administrators: From ICS to IAS, pp.171-9

³⁰ Report of the Fifth Pay Commission, Ministry of finance, New Delhi

“We hope that the government will appreciate the nexus that we seek to establish between the utility of the public servant to the nation and the payment he receives for his work. Our report should be implemented as a integrated whole, in its entirety , as a complete package.”³¹

In the package, the role of the public service is envisaged to be residual confining itself to be facilitator of economic activity, and concentrating on development infrastructure, poverty alienation programmes and as an investor in social services. The intention is to withdraw from those functions that were traditionally undertaken by the state, and promote wherever relevant, the private sector or the voluntary sector. Apart from ‘rolling back’, the state has to be made more efficient, as it now shall act as a critical institution for economic development. From the experiences of other countries ,specifically the UK, Canada, New Zealand and Malaysia , lessons have been extrapolated for the civil services. A series of recommendations for the institutional framework have also been made (see annexure).

However, reports in the media focussed on the traditional issues of parity, and did not debate the larger debates implicit in the Report. Perhaps this can be attributed to the passive acceptance of bureaucratic reform as a “non issue” or to the cynicism with which the implementability of such efforts is perceived.

Also, the Committee of Empowered Secretaries that was appointed to analyse the report accepted the recommendations on the pay scales and the allowances, and they stated that the ‘rest’ would be implemented in a ‘time bound manner’ as it would otherwise

³¹ *ibid.*, p. 13.

be a heavy burden on the exchequer.³² It is obvious that implementing the measures outlined by the report entail a very high transitional cost, but to accept pay rises in the same breath makes their rationale questionable.

From the text of the Report certain issues can be inferred :

1. Prof. Suresh Tendulkar has pointed out to certain disagreements that he holds with regard to the Commission's recommendation.³³ In his dissent note, he points out certain disagreements that he has with regard to the retirement age, the House Rent Allowance, the LTC, the ratio for pay determination, and the telephone attendant allowance.

The rejoinder by the Chairman and the Secretary do not address all the points raised by Prof. Tendulkar. As far as the hike in rents is concerned they state "this is a function of the overall demand and supply situation which we hope will improve by the multi-pronged strategy suggested by us."³⁴ They do not agree with the suggestion that the maximum-minimum ratio for pay differentiation is arbitrary as "a lot of thought has gone into it".³⁵ With regard to the telephone attendant allowance they state "such a facility will only result in making the life of such secretariat officers a little more tolerable and reverse the present trend of IAS officers not wanting to come to the centre or to state secretariat jobs."³⁶ Answers of this nature only evokes speculation about the extent of prior deliberation over the recommendations.

³² India Today, April 15, 1997.

³³ Report of the fifth Pay Commission, Ministry of Finance, New Delhi, 1997, pp.2101-2109.

³⁴ *ibid.*, p. 2110.

³⁵ *ibid.*, p. 2111.

³⁶ *ibid.*, p. 2111.

2. In order to arrive at the new pay scales, the commission first tried to fix the two cardinal points of minimum and maximum salary. The figure arrived at for the minimum salary was Rs 2440 and that of the maximum i.e. for the post of Secretaries to the government as Rs 26,000. Before the former figure was arrived at, it was determined that the salary of the peon had increased by 53% in real terms, and that of the Secretary had eroded by 71%. After the revision of the pay scales, it has been inferred that the level of gross increases was 2% to the Peons and 126% to the Secretaries.³⁷

One could perhaps argue that such gross increase here is justified on the grounds that it sought to bring parity in the increases in 'real terms'. The commission however states "Thus we have retained the minimum maximum ratio. It is one feeling that if this ratio cannot be increased, it should not be allowed to get reduced either".³⁸ A justification which is open to question and indeed criticism.

In pointing out arbitrariness of the ratio, Prof. Tendulkar also sought to indicate that the commission had given in to intense lobbying by senior administrative officers. The other side of the coin is as yet unknown, but for historical reasons, senior officers, especially that of the IAS, are capable of acting as an influential lobby.

3. The strategy of downsizing based on workforce size control interlink with strategies for establishment control and presuppose the existence of a management information system that records micro information on employee profiles such as numbers, characteristics,

³⁷ It has also been shown that the pay increases were highest among the lowest quartile vis-à-vis the higher quartile in terms of their respective per capita increases. Further, the extent of wage differentials have also been narrowing over subsequent reports. Hindu, April 22, p.21.

³⁸ *ibid.*, p.252

location, acquisition, promotions and exit, job types and levels of established posts etc. It also demands that every field of data is causally interlinked as every characteristic of the employee in the department affects the future of the employee. While the commission found it difficult to get the correct figures on something as simple as the total number of Central Government employees, one can imagine the magnitude of risk involved if one does get into an agenda for which one is not even fundamentally prepared.³⁹

As opposed to this, the other strategy for downsizing is through the control of running costs of establishments. The Budgetary unit of the Finance Ministry sets ceilings on finances for each ministry which in turn divide the amount among its constituent departments. Complete fiscal autonomy is provided within the limits set. This acts as a natural check on personnel growth, and does not require micro management of information which in anycase, in the Indian situation does not seem feasible immediately.

However this also requires strong central coordination based on a tripartite arrangement - powers are divided among a policy guidance body, an oversight agency which helps ensure fair and meritorious practices, and a financial control and monitoring organ. This is to avoid policy confusion and fragmentation - grave risks to running cost control. Therefore for the above mentioned mode of control, one would first have to make a detailed assessment of the extent of fragmentation and confusion, and then evolve a tripartite arrangement before any radical agenda of downsizing is undertaken.⁴⁰

³⁹ *ibid.*, p.221.

⁴⁰ Barbara Nunberg, "*Managing the Public Service*", World Bank Discussion Paper No:204, World Bank, 1995, p. 19.

The reasons for not considering this option vis-à-vis employment ceilings are not known. Moreover, empirical studies have shown that running cost control systems have been more effective.⁴¹

4. The downsizing strategy is complemented by other interlinked strategies such as ceilings on the creation of posts through a Parliamentary Enactment, and the incentive for reploughing savings. However these interlinked strategies do not seem to have been considered in other areas of Human Resources Development in previous sections of the report. No mention is made of them even in the cases studied for optimisation. It is quite obvious that such strategies would not only affect HRD policies but also have to be empirically simulated so as to get a clearer perspective especially on optimisation of machinery through downsizing.

5. Any downsizing agenda is administratively and politically volatile. The complete ramifications cannot be chalked out. Prof. Tendulkar has shown us a glimpse of what could happen.

"The rational use of existing manpower is further constrained by the segmentation into a large number of cadres, with no lateral mobility across related cadres and in most cadres, batchwise seniority is maintained even in supersessions which are confined only to those within the same batch. The situation is further complicated by considerable diversity along geographical, professional, workload and responsibility dimensions on which an attempt is made to impose uniformity in terms of equivalences in hierarchical positions, scales of pay and service conditions resulting in various horizontal and vertical relativities which have assumed unjustified sanctity over

⁴¹ *ibid.*, p. 21.

the years. Judiciary and CAT judgements have also played their role in perpetuating them. In this environment , any one isolated action in one part of the system is bound to disturb the horizontal and vertical relativities and generate reverberations throughout, leading to spate of litigations regarding anomalies. In this atmosphere, individual efficient employees cannot be rewarded nor can the shirkers be punished. Equally, any action taken in the context of one service at one level needs to be extended to that level in all other related services. Trade union pressures further reinforce the existing rigidities in the rational use of manpower. The rigidities also work towards raising the salary bill."⁴²

6. Section IV of the Report looks into how ministries/departments can be restructured, and takes up 8 cases for analyses. It suggests restricting options for each based on consultancy studies by private organisations, and interviews with senior officials. What is not known is the extent of influence the 120 functionally related associations of the respective departments, have had over the options that have been considered. While the commission has given due regard to their concerns in the sections related to pay scale revisions, their influence in the section related to downsizing and governance is not known. The Commission does not reflect an inclination to consider opinions opposed to downsizing or to any other aspect of the restructuring exercise. Stakeholding is a very crucial institutional strategy and the lack of it creates unnecessary resistance. Such a situation eventually compels the dismantling of the whole exercise.⁴³

⁴² Report of the fifth Pay Commission, Ministry of Finance, New Delhi, 1997, p. 2102.

⁴³ A similar situation can be visibly seen in the case study of the Railways, *ibid.*, pp. 262-269.

7. A public notice was issued by the commission inviting Associations, Unions, Institutions, Organisations and interested individuals to send memoranda on the terms of reference of the commission. Based on the responses received, totalling 18000, a questionnaire was drafted and distributed to over 6,000 eminent persons from which 1200 replies were received. The commission states that these formed valuable inputs for the analysis of various issues that were decided.

A survey could have been conducted identifying quantifiable and objective criteria, to determine percentages and the diversity of opinion using the above mentioned responses as sizes of 18,000 and 1,200 respectively. This would have ensured transparency in the decisions and recommendations provided by the commission. The minutes of meetings held with senior officials and eminent persons could also have been published. The survey and the minutes published as an additional volume would have helped in assessing the extent of consensus that is built around central issues, and by extension also the extent of conservatism and status quoism to "reform".

8. The Report states that "Today it is the received wisdom that Government should confine itself primarily to the core functions that cannot be performed by the market."⁴⁴ It is this 'received wisdom' that lends itself to some questioning. The case studies that were used to get reform lessons were UK, New Zealand, Malaysia and Canada. There are certain factors that are common to the four countries, but their relevance to India is debatable. Civil service reforms in these countries were initiated immediately after a fiscal crisis, and were highly volatile in the political agenda of the State. The severe repercussions of an economic crisis, combined with a strong political will, which itself was

⁴⁴ *ibid.*, p.142.

largely influenced by the crisis, led to the propelling of civil service reform on the agenda of the state. The public perception of state run economies was not very positive and therefore a consensus among all institutions was not difficult. Moreover all these countries today are "developed" economies and the progressive reforms that they are implementing are because of a comfortable economic situation, and a certain sense of political certainty that can bear the costs of transition. Their objective is efficiency, not development as is our concern.

We do not seem to share any of the above factors except for a colonial experience. Our economic crises is still being addressed and we far from being a "developed" country. Civil Service Reforms are not the priority of any political party, and the political situation too precarious for any radical reform. Finally, a cost-benefit analysis will definitely predict very high costs which cannot be sustained by any incumbent government.

In such a situation, why were these case studies chosen when one could have chosen other case studies where atleast some obvious similarities can be inferred? What is of even greater importance is that considering that none of these contingent factors that propelled tying 'the bell around the cat' in the UK, Canada, New Zealand, as it were, are found in India, how does one go about 'belling around the cat'?

The initiation of civil service reforms in a situation of weak institutional arrangements can perhaps only add to the problem leaving everyone worse off rather than better off. The report has provided an overview of the requisite institutional changes. That it has entered the lexicon of the government is a significant first step.

Chapter Five

Conclusion

In chapter 1, the attempt was to look into the theoretical perspectives at the modes of resources allocation of the state, the market, and institutions for collective action. To sum up it can be said that all three modes play a functional role according to the needs and circumstances of a given context. It has been accepted that for state intervention what is actually required is an optimal state - market mix on a case by case basis, institutions play a role in further reducing the scope of "failures" on the part of the government or the market. The growth of institutions and thereby of institutional methods of "analysis" because of their location and nature tend to provide impetus to policy research in developing countries. Further, each vantage point offers a lens for analysis for disciplines as varied as economics and anthropology, this breaking down artificial barriers between them. What this eventually implies is the breakdown of 'frameworks of analysis' and a shift towards an eclectic centre¹. At the same time it offers a whole new range of postulates hitherto unknown owing to the conventional structures around disciplines.

In Chapter 2, the endeavour was to bring together the whole array of changes affecting developed and developing countries within which the bureaucracies are enmeshed. The seeming incomprehensibility of organisational changes at the theoretical level runs parallel to the unaffected trajectory of organisation reforms projected as solutions for economic efficiency and development. The

¹ The 'eclectic centre' as a term was used by Peter Evans in a seminar to describe the theoretical position located between rationalist methodological individualism and cultural relativism defined as opposite ends of the theoretical spectrum." The role of theory in comparative politics : A symposium.", *World Politics* 48 (Oct 95)1-49.

state is sought to be made effective by building on its autonomy and responsiveness, but in developing countries strategies are attenuated by their behavioural proclivity of the state to be 'captured'. The politics of reform in turn are determined by a very simple principle - vote catching i.e who can employ the difficulties faced by the common man, project them as problems solvable by the proposed shift, and provide an alternative to be built upon the foundations of the past.

And what about the Indian case? It has been inferred that the Indian state lacks autonomy, for which the reinvigoration of public institution becomes the immediate concern. The state of politics is such that the immediacy of the situation would not influence present political arrangements that are characterised by gradualism, (which in itself could be self-defeating) short term policy horizons, and pay off maximisations that can accentuate rent-seeking propensities. Parallel to this is the growth of institutional innovations from social and political actors that have centered the policy agenda of the state. While the Pay Commission did not reflect deeply on the issues of governance, that the new language has entered the lexicon of government corridors is a step in itself.

What does this mean for the Indian bureaucracy. It would seem that one would have to wait till the attempts to reform the bureaucracy are made seriously, along the lines outlined by the prevalent orthodoxy. The scope would then be to postfacto rationalise and determine the strengths, or constraints according to the divergences, if any of outcomes.

On the other hand, it could also mean more.

Initially the conceptual space for the idea of governance was created by the paradox of the state in the adjustment scenario, while the explanatory space was created by the exhaustion of endogenous independent variables to account for divergence in policy outcomes. However, later, in the WDR "No one size fits all recipe for an effective state is suggested here. The range of differences among states is enormous, as are their starting points"². Further in table 9.1 titled "Alignment of interest groups, political costs and tactical sequencing of reform by reform type", a case has been prepared for sequencing of reforms according to the factors that determine the political cost for reform, such as trade liberalisation, fiscal reforms and public sector reform³. However under political reform neither have the political costs been determinable nor have the procedures for tactical sequencing been mentioned. The slow realisation that there can be a divergence in policy outcomes, and consequently a sizing down of the explanatory space is, in some way a foothold to inquire into the divergences in policy outcomes.

In the Indian situation, political institutional reform should have positive spillovers over other institutions. Neither endogenous variables nor "received wisdom" are able to determine change. In the words of Jawaharlal Nehru "it will not do if we were to get hold of some problem in some other country and maybe, a solution of another country and

² op.cit.,p.3

³ ibid.,p.145

try to apply it to the problem here which may be different. Our recipe has to be based on intense self introspection."⁴.

The following provide space for the same :

1. The Indian state has not been completely incapacitated. There have been instances where in "normal" situations, i.e situations not marked by uncertainty that provides space for autonomous decisions, the state has imitated measures that are based on long-term policy horizons⁵. An analysis of these instances has not as yet been undertaken. It is those moments of departure that provide interstices for examination to understand what determined and facilitated such departures , what resources were used to make the state capable during such situations.
2. The case for cultural relevance has perhaps been overstated, but has as yet not been operationalised. How does one contend with pluralities in fluid situations (such as changing federal arrangements and cultural differences)to determine not only resilient frameworks for analysis but also address the present post colonial context.
3. It has been argued that the scope for agencies in reforming institutional structures "allow for choice, the range of choice is limited, and although institutions and social structures may be contingent, the set of resources and rules upon which they are

⁴ Jawaharlal Nehru.As quoted by Shri S.B Chavan , Inaugral address,Seminar on ' Restructuring Government' ,New Delhi,5th June 1997.

⁵ The Industrial Policy in 1983, the Textile Policy in 1985, the Stabilisation Policy in 1989 , the 73rd Amendment are some instances.

based limit the possible alternatives"⁶. Changes, in terms of reforms, by "agencies" have only been exceptions, and exceptions do not make a rule. However they could shape rules. Structuralist explanations do lead us to conclusions that have been either been "repackaged" or lead us to blindspots in tables as mentioned previously. Such explanations, if abstracted from their evolutionary history, would consist of values that the debate was initiated with. For example, could anyone have argued against the principle of need for an ideal mix of autonomy and responsiveness? Therefore the whole gamut of explanations seem circular. Locating Agency determined "reforms" within theory do seem to offer us one way out of this circularity. These agents have "achieved" in the context of structural constraints. They could act as valuable inputs to understand elasticities and the range of choices available which in turn could determine a different story for explanations and policy outcomes.

By incorporating the abovementioned into already established frameworks for analyses one locates himself where the study is neither absolutist nor autarkic.

⁶ J.E. Gent , " The State and the Poor".op.cit., p.ix

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Annexures

Annexure 1

The Citizen's Charter

The Citizen's Charter was launched by the Prime Minister in July 1991 with the aim of raising the standard of public services by making them more responsive to the wishes and needs of users. The Citizen's Charter White Paper (Cm 1599) sets out the principles to be followed in the public service and a comprehensive programme of specific improvements to those services. In April 1992 the Prime Minister appointed a Cabinet Minister with responsibility for carrying the programme forward.

The Charter is based on the recognition that all public services are paid for by individual citizens, either directly or through their taxes. Citizens are entitled to expect high-quality services, responsive to their needs, provided efficiently at a reasonable cost. Where the state is engaged in regulating, taxing or administering justice, these functions too must be carried out fairly, effectively and courteously.

The Charter also recognises that those in the public sector are keen to improve the services that they provide and enthusiasm to do so. What they have sometimes lacked is the freedom and the encouragement to try out new ideas.

The Citizen's Charter aims to give more power to the citizen. It is not a recipe for more state action, but a statement of the Government's belief in the right of citizens to be informed and choose for themselves.

The Charter programme is being pursued in a number of ways. The approach varies from service to service in different parts of the United Kingdom. The Charter is not a blueprint which imposes a uniform pattern on every service. It is a toolkit of initiatives and ideas to raise standards in the way most appropriate to each service.

There are four main themes to the Charter strategy

QUALITY

A sustained new programme for improving the quality of public services.

CHOICE

Choice, wherever possible between competing providers, is the best spur to quality improvement.

STANDARDS

The citizen must be told what service standards are and what he or she can do if those standards are not met.

VALUE

The citizen is also a taxpayer; public services must give value for money within the resources the nation can afford.

THE PRINCIPLES OF PUBLIC SERVICE

The Charter sets out a number of key principles all designed to take the idea of the 'customer', the consumer of public services, and make a reality of it in the day-to-day management and operating of those services. Every citizen is entitled to expect:

STANDARDS

Setting, monitoring and publication of explicit standards for the services are run, what they cost, how well they perform and who is in charge.

CHOICE AND CONSULTATION

The public sector should provide choice wherever practicable. There should be regular and systematic consultation with those who use services. User's views about services, and their priorities for improving them, to be taken into account in final decisions on standards.

COURTESY AND HELPFULNESS

Courteous and helpful service from public servants who will normally wear name badges. Services available equally to all who are entitled to them and run to suit their convenience.

PUTTING THINGS RIGHT

If things go wrong, an apology, a full explanation and a swift and effective remedy. Well publicised and easy to use complaints procedures with independent review wherever possible.

VALUE FOR MONEY

Efficient and economical deliver of public services within the resources the nation can afford. And independent validation of performance against standards."

Annexure 2

Section 5 of the Official Secrets Act

- (1) If any person having in his possession or control any secret official code or password or any sketch , plan, model, article, note, document or information which relates to anything in such a place, or which is likely to assist , directly or indirectly, an enemy or which relates to a matter the disclosure of which is likely to affect the sovereignty and integrity of India , the security of this Act ; or which has been entrusted in confidence to him by any person holding office under Government , or which he is obtained or which he has had access owing to his position as a person who holds or has held a contract made on behalf of Government , or as a person who is or has been employed under a person who holds or has held such an office or contract -
- (a) Wilfully communicates the code or password , sketch, plan, model, article, note, document or information to any person other than a person to whom he is authorised to communicate it, or a Court of Justice or a person to whom it is , in the interest of the State , his duty of communicate it; or
 - (b) uses the information in his possession for the benefit of any foreign power or in any other manner prejudicial to the safety of the State; or
 - (c) retains the sketch, plan, model, article, note or document in his possession or control when it is contrary when he has no right to retain it, or when it is contrary to his duty to retain it , or wilfully fails to comply with all directions issued by lawful authority with regard to the return or disposal thereof ; or
 - (d) fails to take reasonable care of , or so conducts himself as to endanger the safety of the sketch, plan, model, article, note,document, secret official code or password or information ; he shall be guilty of an offence under this section.
- (2) If any person voluntarily receives any secret official code or password or any sketch, plan, model, article, note, document or information is communicated in contravention of this Act , he shall be guilty of an offence under this section.
- (3) If any person having in his possession or control any sketch , plan, model, article, note or document or information , which relates to munitions of war , communicates it, directly or indirectly, to the safety or interests of the State, he shall be guilty of an offence under this section.
- (4) A person guilty of an offence under this section shall be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

Annexure 3

Freedom of Information Bill 1997

A Bill to provide freedom to every citizen to secure access to information under the control of public authorities, consistent with public interest, in order to promote openness, transparency and accountability in administration and in relation to matters connected therewith or incidental thereto.

Be it enacted by Parliament in the forty-seventh year of the Republic of India as follows:-

1. Short title and commencement

- 1) The Act may be called the Freedom of Information Act, 1997.
- 2) It extends to the whole of India.
- 3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. Definitions

In this Act, unless the context otherwise requires:-

- (a) "appropriate Government" means the Government of India or the Government of a State/Union Territory, as the case may be.
- (b) "document" means a document in any form and includes any printed or written material, information stored or recorded by means of any devices and visual images which are reproducible, whether with or without the aid of any device.
- (c) "freedom of information" means the freedom to seek information and includes inspection, taking notes and extracts and obtaining certified copies of documents or records of any public authority; and where the information is stored in computers or any other electromagnetic device, the facility of access to it through terminals or supply of printouts.
- (d) "information" means any material relating to the affairs, administration or decision of a public authority and includes any document or record relating to the affairs of the public authority;
- (e) "Public Information Officer" means the Public Information Officer appointed under the Act.
- (f) "Prescribed" means prescribed by rules under this Act.
- (g) "public authority" includes :
 - (i) the Government of India, the Government of each of the States/Union Territories, local bodies and other bodies owned or substantially controlled or funded by the Government of India or Government of a State/Union Territory and the administrative

offices of the Supreme Court, High Courts, subordinate Courts and of Parliament and State Legislatures;

(ii) a company, corporation, trust, firm, society or a cooperative society substantially funded or controlled by the Government;

The expressions company, corporation, trust, firm, society and cooperative society shall have the same meaning as assigned to them in the respective Acts under which they are registered.

(h) "third party" means a person or an organization other than the person making a request for access to information and a public authority.

3. Freedom of Information:

Subject to the provision of this Act, every citizen shall have the freedom to seek information from a public authority.

4. Obligations on public authorities:

(1) Every public authority shall be under a duty to maintain all its records as per its operational requirements, duly catalogued and indexed and, subject to the provisions of sections 9 and 10, grant access to information to any citizen requesting for such access.

(2) Each public authority shall publish periodically, and keep undated information indicating:

(i) particulars of its organization, functions and responsibilities;

(ii) describing of its decision making processes in terms of procedures and powers and responsibilities of its officers and employees;

(iii) norms for performance of activities such as prescribed for their processing and completion of physical and financial targets etc., and the actual achievements with reference to such norms;

(iv) classes of records under its control including the rules, regulations, instructions and list of manuals etc. used by its employees for carrying out activities;

(v) the facilities provided for access to information; and

(vi) the name, designation and other relevant particulars of the Public Information Officer, to whom requests for information may be addressed.

(3) It shall also be the duty of the concerned officers of a public authority to give reasons for decisions-whether administrative or adjudicative-to those affected and to disclose the relevant facts and analyses when major policies or decisions are announced.

5. Appointment of Public Information Officers:

(i) Every public authority shall appoint officers to be called Public Information Officers in its offices.

- (ii) It will be the responsibility of Public Information Officers to deal with requests for access to information and to render reasonable assistance to requesters seeking access to information.

6. Requests for Access to Information:

A request under this Act shall be made to the appropriate Public Information Officer in writing and shall specify, as clearly as possible, the particulars of the information, document or records to which access is being sought.

Provided that where a requester cannot, for valid reasons, make a request in writing, the Public Information Officer may either accept an oral request or render reasonable assistance to the requester in making a written request.

7. Disposal of Requests:

- (1) Upon a request being made to him, the Public Information Officer shall provide access to the information, where it is decided not to refuse such access, as expeditiously as possible and in any case within 30 days of the receipt of the request;

Provided that where it is not possible to provide access within 30 days, the period may be extended upto a maximum of another 30 days, for reasons to be recorded, and communicated to the requester, in writing.

Provided further that where it is decided to grant access to information on payment of any additional fee, representing the cost of providing such access, the Public Information Officer shall send an intimation to the requester, accompanied by details of fees determined by him, requesting him to deposit the fees; and the period intervening between the dispatch of the said intimation and payment of fees shall be excluded for the purpose of calculating the period prescribed for grant of access to information.

- (2) Where the Public Information Officer decides to refuse access, such decision shall also be taken within 30 days of the receipt of the request and it shall be communicated to the requester in writing, setting out the precise grounds and the relevant provisions of the Act, on which such refusal is based and mention the remedy open to the requester.
- (3) Access to information shall ordinarily be provided in the form in which it is sought unless it would disproportionately divert the resources of a public authority or would be detrimental to the safety or preservation of the document in question.

8. Deemed Refusal of Request:

Where the decision on a request for access to information is not communicated to the requester within 30 days, or within the extended period, the request shall be deemed to have been refused and the requester shall have the right to make a review application in accordance with the provisions of the Act.

9. Exemption from disclosure of Information:

Information covered by any of the following categories shall be exempted from disclosure under the provisions of this Act:

- (i) information disclosure of which would prejudicially affect the sovereignty and integrity of India, security of the State, conduct of international relations, including information received in confidence from foreign Governments, their agencies or international organisations;
- (ii) information disclosure of which would prejudicially affect the conduct of Centre-State relations, including information exchanged in confidence between the Central and State Governments or any of their authorities/agencies;
- (iii) information in the nature of Cabinet papers, including papers prepared for submission to Cabinet or submitted to Cabinet, other than the documents whereby such decisions are published;
- (iv) information in the nature of internal working papers such as inter-departmental/intra-departmental notes and correspondence, papers containing advice, opinions, recommendations, or minutes for the purposes of deliberative processes in a public authority;
Provided that this exemption shall not apply to reports of scientific or technical matters or information that is factual.
- (v) information disclosure of which would prejudicially affect the enforcement of any law including detection, prevention, investigation or suppression of crime or contravention of any law; or would lead to incitement to an offence; or would prejudicially affect the operations of any intelligence organizations to be specified by the appropriate Government; or would prejudicially affect public safety or the safety of an individual; or would reveal the existence or identity of a confidential record or source of information; or would prejudice future supply of information relating to violation or contravention of any law;
- (vi) information the disclosure of which would prejudicially affect the Government's ability to manage the economy or would prejudicially affect the legitimate economic and commercial interests of a public authority; or would cause unfair gain or loss of any individual or organization;
Without prejudice to the generality of this provision, such information may include premature disclosure of proposals relating to
 - (a) taxes, including duties of Customs and Excise;
 - (b) currency, exchange or interest rates;
 - (c) regulation or supervision of financial institutions.

- (viii) information the disclosure of which would prejudicially affect the management of services under, and operation of public authorities;
 Provided that, excepting in the case of trade or commercial secrets protected by law, disclosure may be allowed if public interest in such disclosure outweighs in importance any possible harm or injury to the interests of any such third party;
- (ix) information the disclosure of which would not subserve any public interest;
- (x) information which would cause unwarranted invasion of the privacy of an individual;
- (xi) information the disclosure of which may result in the breach of Parliamentary privileges or would amount to violation of an order of a competent Court.

10. Grounds for Refusal of Access in certain cases:

Without prejudice to the provisions of Section 9, a Public Information officer may refuse access to information where:

- (i) the request is too general or is of such a nature that, having regard to the volume of information required to be retrieved or processed for fulfilling it, it would involve disproportionate diversion of the resources of a public authority or would adversely interfere with the functioning of such authority.
 Provided that, where access is being refused on the ground that the request is too general, it would be the duty of the Public Information officer to render help as far as possible, to the requester to reframe his request in such a manner as may facilitate compliance with it;
- (ii) the request relates to information that is required by law or convention to be published at a particular time; or
- (iii) the request relates to information that is contained in published material available for sale.

11. Fee

The appropriate Government may prescribe the fees to be charged for access to information, which may include an application fee and such additional fees as may represent the cost of providing access.

Provided that the fees may be waived where the disclosure of information can be said to be in the larger public interest.

12. Severability

If a request for access to information is refused on the ground that it is in relation to information which is exempted from disclosure, then notwithstanding anything contained in this Act, access may be given to that part of the document which does not contain any information that is exempted from disclosure under this Act and which can reasonably be severed from any part that contains exempted information.

13. Third Party Intervention.

Where a public authority intends to disclose information which relates to, or has been supplied by a third party and has consistently been treated as confidential by such third party, a notice may be given to it of the intended disclosure inviting it to make a representation against the intended disclosure, within 14 days of such notice. The Public Information Officer shall take such representation, if any made, into consideration while taking a decision in the request for information in question.

Provided that, excepting in the cases of trade or commercial secrets protected by law, disclosure may be allowed if the public interest in disclosure outweighs in importance any possible harm or injury to the interests of such third party.

14. Internal Review.

- (1) A requester, whose request for access to information has been refused by the Public Information Officer, may make an application, within 30 days of the refusal, for review of the decision to the Head of the Department, or such other authority as may be prescribed, having jurisdiction over the office of the public authority to which the request had been addressed.
- (2) The reviewing authority shall dispose of the application within 30 days. Provided that, where the application for review is rejected, the grounds for rejection shall be communicated to the applicant in writing setting out the appellate remedy available to the applicant.
- (3) In the case of third party information, the reviewing authority shall also follow the procedure set out in section 13 of the Act.
- (4) A review application may also be made as regards the fee proposed to be charged by the Public Information Officer for access to information.

15. Appeals.

- (1) An appeal against the decision of a reviewing authority may be made, within 30 days of such decision. The appeal shall be considered and disposed of as a complaint under the Consumer Protection Act, 1986.
- (2) It shall be disposed of by the District Forum, the State Commission or the National Commission, as the case may be, by a written order, within 30 days.
- (3) The concerned Forum or the Commission, as the case may be, on an application by the public authority, hold proceedings in camera. Provided that no document or record shall be withheld from the perusal of the appellate authority.

16. Publication of Certain Matters by Public Authorities.

Notwithstanding anything contained in this Act or in any other law for the time being in force, but subject to the provisions of section 9, it shall be the duty of every public authority which proposes to initiate any project or activity, to appropriately publish, as

soon as possible, and in any case well before the commencement of the project or activity, for the information of the general public and the persons to be affected, such matters within its knowledge and control as affect the general public.

17. Protection of action taken in good faith

No suit, prosecution or other legal proceedings shall lie against any public authority or any individual, for anything which is in good faith done or intended to be done under the provisions of the Act or any rule made thereunder.

18. The Act to have overriding effect.

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

19. National Council for Freedom of Information.

- (1) The Central Government may, by notification in the Official Gazette, establish with effect from such day as may be specified in the notification, a Council to be known as the National Council for Freedom of Information.
- (2) The National Council may consist of the following members:
 - (a) the Minister in charge of Department of Administrative Reforms in the Central Government, who shall be its Chairman, and
 - (b) such other official and non-official members representing such interest as may be prescribed;
 - (c) the Council may meet as and when necessary, with at least one meeting being held every year;
 - (d) the time and place of the meetings of the Council shall be as the Chairman thinks fit and it shall observe such procedure as may be prescribed to transact its business.

20. Objects of the National Council.

The object of the National Council shall be to promote freedom of information in the country and it shall deal with all matters related to freedom of information such as

- (a) review of the operation of the Act and rules made thereunder,
- (b) review of the administrative arrangements and procedures to secure for citizens the fullest possible access to information,
- (c) research and documentation as regards management of information with a view to improve the extent and accuracy of information being made available under the Act, and
- (d) to advise the Government on all matters related to freedom of information, including training, development and orientation of employees to bring in a culture of openness and transparency.

21. State Councils for Freedom of Information

- (1) The State Government may, by notification in the Official Gazette, establish with effect from such day as may be specified in the notification, a Council to be known as the State Council for Freedom of Information.
- (2) The State Council may consist of the following members:
 - (a) the Minister in charge of Department of Administrative Reforms in the State Government, who shall be its Chairman, and
 - (b) such other official and non-official members representing such interest as may be prescribed;
 - (c) the Council may meet as and when necessary, with atleast one meeting being held every year;
 - (d) the time and place of the meeting of Council shall be as the Chairman thinks fit and it shall observe such procedures as may be prescribed to transact its business.

22. Objects of the State Council

The object of the State Council shall be to promote the freedom of information within the State and it shall deal with the matters specified in section 20 in respect of the State.

23. Power to make rules

- (1) The appropriate Government may, by notification in the Official Gazette, make rules to carry out the provisions of this Act.
- (2) Without prejudice to the generality of the foregoing power, such rules may provide for all matters in respect of which rules are required to be made by the appropriate Government under this Act.

24. Laying of Rules.

- (1) Every rule made under this Act by the Central Government shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule, or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.
- (2) Every rule made under this Act by a State Government shall be laid, as soon as may be after it is made, before the State legislature.

Annexure 4

Executive summary of the recommendations of the Report of the Fifth Pay Commission for the organisation of the Indian civil services.

The report of 2000 odd pages has been divided into 9 parts - each part divided into sections, and each section into chapters. Part II of the report deals with Public Service Management where it analyses the role of the civil service, measures to promote efficiency in administration, human resource development, and case studies of how to optimise the government machinery. Part III deals with the principles of pay determination. Parts IV-VII deal with the pay scales, allowances and pensions of the civil servants and defence personnel, Part IX is the concluding section of the report.

To redefine the functional goals of the organisation, it has been recommended that a "mission statement" be developed "which provides clear and understandable goals fully owned by the senior management and accepted by the operational staff".¹

The concept of accountability which was traditionally related solely to the elected representatives is sought to be strengthened now in direct relationship with other institutions such as "audits", vigilance agencies, the judiciary, the media, and the customer.² Accountability to the parliament is routed through Parliamentary Committees where the minister is held accountable. It is now recommended that bureaucrats also should be allowed to appear before the committees. Audits should be made more objective-oriented rather than look for procedural propriety. To tackle the problem of corruption, a new legislation to eradicate corrupt electoral practices is sought to be enacted alongwith the setting up of a National Election Fund open to companies for electoral funding, and the setting up the Lok Pal Bill covering both political and bureaucratic leaders. The role of the Central Vigilance Commissioner is sought to be strengthened by hiving off the Anti-corruption bureau from the CBI and placing it under the CVC. Inquiry officers are sought to be appointed by all important departments to cut down on inquiry disposal time. It also sought the dilution of certain provisions of Art 311 of the Constitution if a prima facie case of corruption is made but out against employees. To make bureaucrats accountable to customers, a Citizens' Charter draft has been proposed by the Consumer Coordination Council that develops standards, response time, grievance mechanisms. The report also seeks to cover all government services under Consumer Protection Act. Lauding the activist role of the judiciary it criticises the reaction by the executives on judicial activism. "It is hoped that that the executive will outgrow its mutual reaction of being resentful about the so-called judicial encroachment on its jurisdiction and start narrowing the the zone of its own inaction so as to make

¹ Report of the Fifth Central Pay Commission, Ministry of Finance, New Delhi.p. 117.

² *ibid.*, pp. 206-214, also chapters 7, 14, 15 and 24.

judicial intervention unnecessary³. While for grievance redressal there is also a machinery in place - A department with a full-fledged secretary, special cells in specific ministries, training programmes for grievance redressal officers, defined response times, pinpointing responsibility which could be an input into the performance appraisal of employees are some of the other recommendations. The establishment of a multitiered institutional mechanism with a Sarvocha Lok Adalat at the apex providing for multilevel grievance redressal points, and an ombudsman are also recommended.

For the sake of transparency, the passage of a Right to Information Act has been recommended, with an oversight Agency called National Information Authority which may be headed by Supreme Court Judge or a retired Chief Justice of a High Court. For the dissemination of information, the existing public relations wings should be converted into public relations cum information wings, the setting up of adequate training packages and mechanisms for vertical and lateral information flows within departments, and in relation to other institutions such as the ministries and the media⁴.

The report also does skim over certain procedural and technical issues to improve administrative management. It makes a case for automation, the setting up of management information systems, reducing supervisory layers, increasing autonomy and responsibility for level managers, streamlining office procedures, and reengineering the staff inspection units and internal work study units by setting up departmental "quality circles". The number of working days is sought to be increased to a six day work schedule and the number of gazetted holidays to be reduced from 17 to 3⁵.

As far as restructuring the government is concerned, the Report has stated that the government must retain only those areas which fall within the Union List. With regard to state subjects, the departments in the centre should be headed by not more than a single secretary. The objective is to reduce the extent of activity undertaken by the central government by giving off the concerned units to the state governments, the private and the voluntary sector. The Report also recommends a reduction in the size of coordinating agencies such as the Planning Commission, the Department of Programme Implementation and the PMO, and a strengthening of the role of the Cabinet Secretariat. Primarily the commission recommends the setting up of an Efficiency Programme with the assertion that "this realisation has to come at the highest political level and nothing short of a personal commitment of the Prime Minister will do"⁶. This would require the Department of Administrative Reforms be placed directly under the Cabinet Secretary. Further, a Cabinet committee should be set up aided by committees of Secretaries and Chief Secretaries⁷.

³ *ibid.*, p.212.

⁴ *ibid.*, chapters 13, 15 and 21.

⁵ *ibid.*, chapters 10, 11, 12 and 16.

⁶ *ibid.*, p22

⁷ *ibid.*, chapters 7,8 and 9.

With regard to recruitment, it recommends the reduction of workload of the UPSC by downloading some recruitment control to staff selection commissions, and through the creation of departmental panels in which experts from either the UPSC or the SSC could sit. This would not only streamline recruitment practices but also reduce the time lag and increase the flexibility of procedures⁸.

The report also seeks to increase the level of mobility between the government and other sectors. It recommends that a certain specified number of employees could be permitted to retain their lien in their posts for a limited period say 2 years, while being employed in the private sector or abroad. This facility should only be extended to those categorised as executives. Lateral entry should also be encouraged⁹.

The report highlights the need for contract employment¹⁰. Persons usually recruited for temporary jobs, on completion are either shunted onto other temporary position, or assimilated into the work force. The lack of contracts ensures that the workers' services cannot be terminated. "The need for such employment also arises in the context of labour laws and general attitudes of courts.... Providing security in employment thus assumes greater importance than ensuring that the work of the government is done at the minimum possible cost"¹¹. The need for contracts especially at the expertise level has been reiterated. It recommends that consultants could be appointed to the extent of 10% of the total number of posts at the level of joint Secretary and above within a ministry. In the case of the Planning Commission this can be relaxed upto 25 consultants in all. With regard to the appointment of retired, retiring employees, the total number is not to exceed two at a time in any Ministry or Department.

With regard to training, a new scheme of attachment of probationary executives to private sector organisations for short duration has been recommended. Apart from this it has been suggested that mid-career tests be held based on skill upgradation courses that are provided according to the nature of the posts.¹²

With regard to performance appraisal systems, the Report believes that it should not be restricted to the initial years of service. It should be based on a 10pt grading scale for the Executive cadres. The scale has been benchmarked at 6, and any point below should be communicated to the concerned officer, to enable him to represent himself against the grading. It also has been sought to be extended to grade "D" cadre. The grading should be done at regular intervals, and adequate weightage should be give to individual contribution to the team, keeping in mind the context of the team's performance, and the performance of the department. Sections of the report can also

⁸ *ibid.*, chapter 17.

⁹ *ibid.*, chapter 18.

¹⁰ *ibid.*, chapter 12

¹¹ *ibid.*,p.173.

¹² *ibid.*, chapter 20

be judged by his colleagues and subordinates. The report should be linked to a incentive and punishment scale.¹³

The need for a comprehensive promotion policy catering to all government employees has been highlighted. The flexible complementing scheme has been sought to be extended to all R and D professionals. For all other Central Govt employees the Assured Career Progression Scheme has been suggested. According to the scheme every employee shall be eligible to move to a higher scale of pay on completion of a specified period of residency. The number of financial upgradations to which they are entitled shall be two (non-executives) and three (executives). The highest pay-scale available shall be 4500-5700. Above this pay-scale the ACPS shall apply strictly on a vacancy basis.¹⁴

The Cadre Review mechanism has been sought to be strengthened so as to bring career prospects of all Group A central services. Guidelines for cadre reviews for Grades "B", "C" and "D" are also being chalked out. The Review should occur at least once every 5 years and shall be made justiciable. The DOPT shall be made the coordinating agency for the reviews. The report also seeks to bring down the number of isolated posts by encadring the present ones, and barring the creation of new posts.

With regard to transfers, the need for a comprehensive Transfer Policy formulated and publicised by all departments in the centre and states has been highlighted. Frequent transfers are sought to be restricted and a minimum tenure of 3-5 years pre-determined. They should be undertaken at the end of the academic year. If premature transfers are to be undertaken the reasons should be provided. The Report seeks the constitution of a Civil Services Board that shall examine decisions on transfers or removal of officers at the Central and State level. The Board should consist of a retired judge, a prominent "public" person and a Secretary. At the central level, the first two members shall be chosen by the Prime Minister, the leader of the Opposition, and at the State level the same principle would follow. The Board would serve as an appellate body where transfers would be reviewed, compensations for premature transfers shall be determined. Further, it has been recommended that employees of Group "C" and "D" should be given home postings recruited regularly, and the transfer of group "D" employees should be discouraged.¹⁵

Section IV dealing with optimising the size of the government machinery is perhaps the most politically volatile of issues in this part of the report. After an assessment of the size of the bureaucracy in the previous section (see Box), it states "it must have been noticed by now that reduction in the overall size of bureaucracy is the underlying

¹³ *ibid.*, chapter 21

¹⁴ *ibid.*, chapter 22.

¹⁵ *ibid.*, chapter 25.

idea behind all the civil service reforms that we have advocated in the preceding chapters".¹⁶

BOX 1:

Size of the Central Government

As on 31-3-94 there were 38.73 lakh filled civilian posts, 41.76 sanctioned posts, i.e. a gap of 3.03 unfulfilled posts. Between 1957-71 the growth rate was 3.7%, between 71-84 it was 1.9% and between 1984-94 slightly less than 1%. Therefore it seems that since the past 10 years the acceleration in the growth of posts is because the government has sought to impose cuts on the present members and freezes on recruitment. Among the 41.76 lakh posts, railways company 37%, communications 18%, and Defence 16.9%. The remaining 28.9% consists of other departments. The total number of ministries and departments is 81.

The composition of the bureaucracy in grade terms has also changed. Groups A and B composition has increased from .6 to 2.2% and 1.1% to 3.3% respectively. Group C occupied a major chunk from 42% to 66.8% and Group D has decreased from 56.1% to 27.2%. In terms of absolute members, however, Grade & offices have increased 9 times, Group B 7 times, Group C 4 times and Group D only marginally doubled. This is account to the rise in the number of Groups & Services from 30 in 1971 to 59 in 1995. However there are only 35 services with a cadre strength of over 500.

Source: Report of the Fifth Pay Commission, Ministry of Finance, New Delhi 1997, pp.242-246.

The first step in the strategy for downsizing is to abolish the 3.5 lakh posts that are lying vacant. However "Ministers should be allowed to fill up the higher posts and only posts at the lowest level where fresh direct recruitment is to take place should be abolished."¹⁷ Secondly it has been noticed that there is a surplus of supporting and auxiliary staff. To make the bureaucracy a more "officer-oriented structure", a total freeze on fresh recruitment on the categories of supporting and auxiliary staff is sought while for the executive and supervising staff it has to be accepted in principle and applied according to circumstances.

"The next step is to frame a ten year manpower plan. If we have to plan for a 30% cut across the board within a time frame of 10 years, it would amount to a 3% reduction on manpower levels every year. As this is the normal attrition rate due to retirements, deaths, resignations etc, a total freeze on fresh recruitment alone can achieve the 30% reduction within 10 years. To the extent that fresh recruitments are made, as in the cadres of executives and supervisory staff, recourse may have to be had to other methods of reducing manpower levels".¹⁸

¹⁶ *ibid.*, p. 242.

¹⁷ *ibid.*, p. 243.

¹⁸ *ibid.*, p. 244

Fourthly, a ceiling on appointments is sought by parliamentary legislation, and any transgression of the ceiling cannot be undertaken without approaching Parliament for an amendment of the Act.

Fifthly, voluntary retirement schemes are sought to be enacted. Lastly, savings that are manpower related can be ploughed back into the department for any other expenditure head, or can even be distributed among the employees of the department.

The rest of the section takes up the case studies of the engineering, scientific and medical services, the railways, the postal services, the telecom services, the central police organisations and the defence services and ordinance factories. The common strain for reform among all the case studies has been to identify units for corporatisation/privatisation, and to cut down on manpower so as to reduce expenditure on wages and improve productivity.¹⁹

¹⁹ *ibid.*, pp. 247-306.